



Audit Recommendations Follow-Up Report

**For the Period April 1, 2018
Through June 30, 2018**

Project #18-14

**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: July 31, 2018

Subject: Audit Recommendations Follow-Up Report -
For the Period April 1, 2018 through June 30, 2018
Project No. 18-14

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

This audit 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 database as an integral part of monitoring the implementation status of audit recommendations. This database 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: Ernest Marks
Brian Accardo
Joel Arrieta
Terrie Bates
Dorothy Bradshaw
Jill Creech
Stephen Collins
John Mitnik
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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, 2018 through June 30, 2018 (the "Reporting Period"). As shown in Exhibit 1, as of March 31, 2018 there were 13 recommendations that were not yet Fully Implemented from previously issued audit reports. During the Reporting Period, implementation was completed for 12 of these recommendations. In total from all reports, one (1) recommendation is In-Process of being implemented as of June 30, 2018.

Commencing with this quarterly follow-up report, our office is also monitoring the implementation status of the six (6) recommendations made in the Operational Audit performed by the State of Florida Auditor General, issued May 2018. As of June 30, 2018, all six (6) of the recommendations have been fully 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 each 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, 2018

	In	Partially	
Prior Period Reports	Process	Implemented	Total
Status Prior Period (March 31, 2018)	13	-	13
Implemented, Partially Implemented, or Status Changed to No Longer Applicable, During Period	(12)	-	(12)
Remaining Recommendations to be Fully Implemented	<u>1</u>	<u>-</u>	<u>1</u>
Reports Issued During Current Period			
New Recommendations*	-	-	-
Implemented or Partially Implemented	<u>-</u>	<u>-</u>	<u>-</u>
Remaining Recommendations to be Fully Implemented	<u>-</u>	<u>-</u>	<u>-</u>
Current Status			
Remaining Recommendations to be Fully Implemented	<u>1</u>	<u>-</u>	<u>1</u>

* Initial Status is set as "In-Process"

EXHIBIT 2
Audit Reports With Implementation of Recommendations in Progress
As of June 30, 2018

Audit No.	Audit Title	No. of Recs		In Process	Partially Implemented	No Longer Applicable	Implemented
Recommendations - Prior Period Reports							
16-06	Audit of the Kissimmee River Restoration Program Cost Share	3	Initial Status	1	0	0	2
			Change in Status	0	0	0	0
			Current Period Status	1	0	0	2
17-10	Audit of the Vegetation Management Program	5	Initial Status	2	0	0	3
			Change in Status	-2	0	0	2
			Current Period Status	0	0	0	5
17-09	Audit of the Integrated Real Estate Information System (IRIS)	10	Initial Status	10	0	0	0
			Change in Status	-10	0	0	10
			Current Period Status	0	0	0	10
Recommendations - All Reports							
TOTAL							
		18	Prior/Initial Status	13	0	0	5
			Change in Status	-12	0	0	12
			Status Current Period	1	0	0	17
	Number of Recommendations Remaining to Be Fully Implemented	1		1	0		

Complete
Complete

EXHIBIT 3
Detail of In-Process and Partially Implemented Audit Recommendations
As of June 30, 2018

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Due Date		Recommendation	Management Response	Current Period Comments Regarding Status
					Original	Current			
16-06	1	Audit of the Kissimmee River Restoration Project Cost Share Program	In Process	In Process	12/31/2017	6/30/2018	Ensure that the Real Estate Division submit a credit request to the USACE for the \$1,090,771 in land acquisition related expenses.	Management agrees. Management will direct staff to begin preparation of a credit request to the USACE for District expenses incurred during Fiscal Years 2010, 2011, and 2012 in the amount of \$1,090,771 in land acquisition related expenses.	Real Estate met with Finance on 4/16/18 to discuss the Oak Creek monitoring expenses, which have been determined not to be related to the acquisition of the Oak Creek inverse condemnation tracts. Finance agreed that these costs are project costs and will request credit from the Corps in the future. 7/30/18 Finance is waiting for additional information from Project Managers.
17-09	1	Audit of the Integrated Real Estate Information System (IRIS)	In Process	Implemented	7/31/2018	7/31/2018	The IT Division should monitor entries into the system on a consistent basis to ensure that: -Data that is entered into the system is maintained in the system; and - Intentional deletions are documented and logged appropriately.	We agree with the recommendation. The IT Division will create a user-report for the Real Estate data steward that can be run to monitor the errors logged.	Real Estate is awaiting the creation of user-report by IT. It will be run by a data steward on a regular basis. 7/17/18 This is completed and delivered in production.
17-09	2	Audit of the Integrated Real Estate Information System (IRIS)	In Process	Implemented	7/31/2018	7/31/2018	The IT Division should correct the error in programming that allows the system to skip numbers in the sequence of the primary key field. An error message should be generated when an error occurs that results in skipped numbers in the primary key sequence.	We agree with the recommendation. The IT Division will update the application to ensure system codes (i.e. primary key field) are not skipped during the generation process.	Solution developed. Production release is scheduled for 4/12. 7/17/18 This is completed and delivered in production.
17-09	3	Audit of the Integrated Real Estate Information System (IRIS)	In Process	Implemented	7/31/2018	7/31/2018	The IT Division should implement controls over the required fields in IRIS to ensure: - Task completion dates are subsequent to task request dates; - Duplicate tract ID's cannot be entered in the system; - Required fields contain a minimum number of characters; - Users are alerted when a field is overwritten or deleted.	We agree with the recommendation. The IT Division will add a business rule ensuring the task completion date cannot be before the task request date. The IT Division will add a business rule to confirm the tract ID has not been previously used. The IT Division will work with the Real Estate Division to implement the minimum number of characters and alerts based on business requirements.	Solution developed. Testing is in progress. Production release targeted for 4/20. 7/17/18 This is completed and delivered in production.
17-09	4	Audit of the Integrated Real Estate Information System (IRIS)	In Process	Implemented	7/31/2018	7/31/2018	The IT Division should program the audit log to create a report that can be run of daily events/transactions in the system.	We agree with the recommendation. The IT Division will create a user-report for the Real Estate data steward that can be run to monitor the errors logged.	Solution is being analyzed. Real Estate is awaiting creation of user-report by IT. It will be run by a data steward on a regular basis. 7/17/18 This is completed and delivered in production.
17-09	5	Audit of the Integrated Real Estate Information System (IRIS)	In Process	Implemented	7/31/2018	7/31/2018	The Real Estate Division should monitor the Audit log regularly for errors.	We agree with the recommendation. The Real Estate Division's IRIS data steward currently occasionally monitors the Audit log for errors. After IT creates the user report referenced in recommended #4, the log will be reviewed prior to the issuance of the monthly RE Activity Reports.	Real Estate is awaiting creation of user-report by IT. It will be run by a data steward on a regular basis. 7/17/18 This is complete and being practiced.

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Due Date		Recommendation	Management Response	Current Period Comments Regarding Status
					Original	Current			
17-09	6	Audit of the Integrated Real Estate Information System (IRIS)	In Process	Implemented	7/31/2018	7/31/2018	The IT Division and Real Estate Division should consider the feasibility and cost benefit of adding an enhancement to IRIS that will integrate the data captured by the land costs spreadsheet.	We agree with the recommendation. The Real Estate and IT Divisions will review the feasibility and cost benefits to integrate the data captured by the land costs spreadsheet into IRIS. These results will be presented to IT-Business Governance to determine the District priority of implementing this enhancement.	In progress, pending cost benefit analysis. 7/17/18 The team has evaluated the option and has determined cost benefit does warrant pursuing the enhancement.
17-09	7	Audit of the Integrated Real Estate Information System (IRIS)	In Process	Implemented	7/31/2018	7/31/2018	The Real Estate Division should enable cell protection in the spreadsheet to ensure the data is protected from overwrite.	We agree with the recommendation. The Real Estate Division believes password protection is sufficient since this spreadsheet is only maintained for historical data. RE will ensure password access to the spreadsheet only by a few essential Real Estate Division staff. (See recommendation #9 for password change recommendations).	Real Estate has created a server folder with access limited to key Real Estate personnel only and the spreadsheets will be saved in that location. IT has removed the old passwords from the spreadsheet and is setting up security features that will require a password change every 90 days. 7/17/18 Real Estate has created a server folder with access limited to key Real Estate personnel only and the spreadsheet will be saved in that location. IT has removed the old passwords from the spreadsheet and has set the security features that will require a password change every 90 days.
17-09	8	Audit of the Integrated Real Estate Information System (IRIS)	In Process	Implemented	7/31/2018	7/31/2018	The Real Estate Division management should develop and implement a review or reconciliation of the data that is input in the spreadsheet to ensure the accuracy of the data.	We agree with the recommendation. The Real Estate Division uses the LCS for reference to find costs that were tracked in LGFS, the District's predecessor financial software, and does not input any information into the LCS. No further action is necessary after the spreadsheet password protection feature is modified to limit access by specific Real Estate Division staff who monitor and oversee the data (see recommendation #7).	Real Estate has created a server folder with access limited to key Real Estate personnel only and the spreadsheets will be saved in that location. IT has removed the old passwords from the spreadsheet and is setting up security features that will require a password change every 90 days. 7/17/18 See Recommendation #7
17-09	9	Audit of the Integrated Real Estate Information System (IRIS)	In Process	Implemented	7/31/2018	7/31/2018	The Real Estate Division should periodically change the passwords on the "Land Costs Spreadsheet".	We agree with the recommendation. The Real Estate Division will require a password change every 90 days after the spreadsheet is modified for limited Real Estate Division staff access (see recommendation #7).	Real Estate has created a server folder with access limited to key Real Estate personnel only and the spreadsheets will be saved in that location. IT has removed the old passwords from the spreadsheet and is setting up security features that will require a password change every 90 days. 7/17/18 See Recommendation #7
17-09	10	Audit of the Integrated Real Estate Information System (IRIS)	In Process	Implemented	7/31/2018	7/31/2018	The IT Division should consider a program enhancement that automatically generates notification to respective users.	We agree with the recommended. The IT Division will update the application to send an email notifying users of a new task.	Solution is being analyzed. 7/17/18 This is completed and delivered in production.

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Due Date		Recommendation	Management Response	Current Period Comments Regarding Status
					Original	Current			
17-10	1	Audit of the Vegetation Management Program	In Process	Implemented	6/30/2018	6/30/2018	Ensure all inspections are adequately documented.	The audit found that herbicide application worksites were inspected within the contractual retreatment period but the inspections were not always documented. The Vegetation Management STAN team has recently been working on this issue. Firstly, the team has clarified District expectations and Non-Point Discharge Elimination System (NPDES) requirements for timely inspections to be performed and documented. These requirements will be made known to each contract inspector and vegetation/land manager by their respective STAN team representatives. The Survey 123 form streamlines the vegetation management inspection process by eliminating the need for manually transferring images to a database, translating field notes into a digital form, and knowledge of software required to adequately complete the form that we currently use. With minimal training, this intuitive form can be easily created and uploaded while in the field. There are also required fields, and field hints in the form to make sure the correct information is included. All forms will be saved on the sections server and sorted by agreement and fiscal year.	Survey 123 APP has been fully developed and tested. The system works well and IT has developed a script which enables reports to be downloaded weekly. These reports will be stored on a server location and will be made available to staff and contractors for review. IT is currently in the process of purchasing iPads for all contract inspectors and other District staff involved in Vegetation Management.
17-10	2	Audit of the Vegetation Management Program	In Process	Implemented	3/31/2018	6/30/2018	Ensure that contract inspectors have the proper skillset to monitor herbicide contractors. Provide training as necessary.	During the hiring process, each candidate for the position of contract inspector will be screened to insure they have the appropriate experience and background or can otherwise succeed in the position after undergoing the proper trainings. Vegetation Management staff provide training through an annual Roadshow Training for field station staff specifically for the benefit of contract inspectors. During the Roadshow Training, a variety of topics are covered ranging from contracting services and procedures, aerial vs terrestrial treatments, an overview of herbicides and treatment techniques, Non-Point Discharge Elimination System (NPDES) and Pesticide Discharge Management Plant (PDMP) implementation. Field station staff shall be encouraged to take advantage of opportunities for additional industry training through the University of Florida Institute of Food and Agricultural Sciences as well as through other local groups or by attending professional conferences such as the Florida Aquatic Plant Management Society, Florida Vegetation Management Association and The IFAs Short Course, when appropriate. In addition to current in-house training, Vegetation Management staff will also hold quarterly meetings at each field station with field station staff including each contract inspector, professional supervisor, and assistant superintendent. This ensures there is ample one on one time that will increase communication and provide a platform where in depth questions can be brought up and answered.	The Vegetation Management Section conducted two regional trainings for contract inspectors and canal levee supervisors. These trainings were conducted on June 14, 2018 at the Ft Lauderdale Field Station and on June 20, 2018 at the Okeechobee Field Station. Both training sessions were well attended. Vegetation Management field station liaisons will continue to work one on one with each contract inspector. Vegetation Management will also work with the O & M Bureau Chiefs and HR to develop a better recruitment process to attract the appropriate skill set for the contractor inspector.

EXHIBIT 4
Auditor General Operational Audit Recommendations
Issued May 2018

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Recommendation	Management Response	Current Period Comments Regarding Status
AG2018-208	1	Auditor General Operational Audit	In-Process	Implemented	District management should ensure that bank account balances are timely reconciled to the general ledger balances as required by District policies. Additionally, District policies should be revised to require that documentation for all bank account reconciliations be signed and dated by the preparer and evidence timely supervisory review and approval.	Bank Reconciliations will be performed by a senior level accountant and reviewed, signed and dated by supervisory level staff. The District Procedure will be updated to state that bank reconciliations shall be completed within 30 days with required supervisory review, date and signature.	Complete - On-going procedure
AG2018-208	2	Auditor General Operational Audit	In-Process	Implemented	The District should ensure that documentation is maintained to identify employees who receive collections, to record the transfer of collections between employees, and to demonstrate that collections are timely deposited.	District procedure will be updated to require a multi-step process of controls for cash collections to include signed and dated forms with track amounts and each staff member's involvement from receipt to deposit.	Complete - On-going procedure
AG2018-208	3	Auditor General Operational Audit	In-Process	Implemented	The District should establish policies and procedures designating to an employee responsibility for timely submitting the required annual report of public deposits to the CFO. Additionally, District procedures should be established to require supervisory personnel to verify and ensure compliance with the State law public deposit requirements.	The District will establish policies and procedures designating an employee responsible for timely submittal of the required annual report of public deposits to the State Chief Financial Officer. Additionally, the District will establish procedures requiring supervisory personnel to verify compliance with State Law public deposit requirements.	Complete - On-going procedure
AG2018-208	4	Auditor General Operational Audit	In-Process	Implemented	The Board should take action to clarify how the three performance dimensions set forth in the Board-approved merit bonus resolution should factor into the merit bonus award calculations. To support the basis upon which merit bonus awards are made, the District should develop an overall numerical score for the three performance dimensions as required by the Board resolution. In addition, the District should enhance procedures to document: <ul style="list-style-type: none"> • Guidelines for measuring the three performance dimensions and consistently applying consideration of the dimensions to all employees. • Division supervisor initial employee merit bonus award determinations, bureau chief and division director adjustments, and Executive Team adjustments, along with explanations for the determinations and adjustments. 	The District will maintain documentation of the overall numerical score going forward. Division Directors will provide initial bonus award recommendations for employees within their respective disciplines. Guidelines for making those recommendations will be provided to Division Directors. Any adjustments will only be made by the Division Directors sitting collectively as the Executive Team. All adjustments will be documented.	On-going

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Recommendation	Management Response	Current Period Comments Regarding Status
AG2018-208	5	Auditor General Operational Audit	In-Process	Implemented	The District should ensure that direct deposit authorization forms are maintained as required by State law.	District procedure will be updated to require all direct deposit forms to be scanned and electronically filed with the District to ensure that the forms are maintained as required by State Law.	Complete - On-going procedure
AG2018-208	6	Auditor General Operational Audit	In-Process	Implemented	The District should revise the P-Card Manual to require and ensure that documented, periodic evaluations of P-card monthly purchasing limits and related use are performed and take appropriate actions based on the evaluations. Such actions should include the cancellation of P-cards that are not routinely used and the reduction of P-card monthly purchasing limits commensurate with necessary use.	The District will revise the District's Procedures and Procurement Card Manual to require an annual management review of procurement card usage. A complete review of current card holders has been conducted. Following review and management approval procurement cards may be cancelled and/or monthly spend limits reduced subject to the prospective need for emergency availability and small dollar amount purchases.	Manual has been updated