



**Office of Inspector General  
Annual Report**

**Fiscal Year 2011**

Prepared by  
**Office of Inspector General**

**J. Timothy Beirnes, CPA, Inspector General**  
**Ann E. Haga, Executive Assistant**



# SOUTH FLORIDA WATER MANAGEMENT DISTRICT

December 8, 2011

Governing Board Members:

Mr. Joe Collins, Chair  
Mr. Kevin Powers, Vice-Chair  
Ms. Sandy Batchelor  
Mr. Daniel DeLisi  
Mr. James J. Moran  
Mr. Daniel O'Keefe  
Mr. Juan M. Portuondo  
Mr. Timothy Sargent  
Mr. Glenn J. Waldman

Re: Annual Report for Fiscal Year 2011

In accordance with the Audit and Finance Committee Charter and Section 20.055, Florida Statutes, I am pleased to submit the Office of Inspector General's Annual Report for Fiscal Year 2011. This report was prepared by Ann Haga, Executive Assistant. It summarizes the audits and investigations performed, as well as other projects and activities accomplished during the year.

The Office of Inspector General will continue to promote effective controls, evaluate program effectiveness, and identify opportunities to improve efficiencies in operations. We will continue to provide you and District management with quality information to assist in decision making and fulfilling your duties and responsibilities.

We appreciate the support and encouragement of the Governing Board, the Audit and Finance Committee, and the cooperation of the District staff.

Sincerely,

A handwritten signature in blue ink that reads "J. Timothy Beirnes".

J. Timothy Beirnes, Inspector General  
Office of Inspector General

C: Melissa Meeker  
Bob Brown

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**APPENDIX 4** – Follow-Up Audit for 4/1/11 – 6/30/11

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## INTRODUCTION

In accordance with the Section 20.055, Florida Statutes, this report summarizes the activities of the South Florida Water Management District's (the "District") Office of Inspector General (the "OIG") for the fiscal year ended September 30, 2011.

The OIG serves as an independent appraisal unit within the District to examine and evaluate its activities. The Inspector General reports directly to the District's Governing Board (the "Board"), through the Board's Audit & Finance Committee, whose members are appointed by the Chairman of the Board. The Audit & Finance Committee operates under an Audit & Finance Committee Charter established by the Board.

The Internal Audit Charter adopted by the Governing Board established an internal audit function within the Office of Inspector General to provide a central point for coordination of activities that promote accountability, integrity, and efficiency in the operations of the District. The Office of Inspector General is accorded unrestricted access to District facilities, records, and documents and is not limited as to the scope of work.

The duties and responsibilities of the Inspector General, as defined by Sections 373.079 and 20.055, Florida Statutes, include:

- advising in the development of performance measures,
- assessing the validity and reliability of performance measures,
- reviewing action taken by the District to improve performance,
- conducting, supervising or coordinating other activities to promote economy and efficiency,
- preventing and detecting fraud and abuse,
- coordinating with other auditors to avoid duplication, and
- ensuring that an appropriate balance is maintained between audits, investigations, and other accountability activities.

Pursuant to Sections 112.3187 through 112.31895 and Section 20.055, Florida Statutes, the Inspector General is also responsible for investigating Whistle-Blower Act complaints brought by District employees, former employees, agents, contractors, or citizens.

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## STAFF

The Office of Inspector General currently consists of the following staff:

<b>Position</b>	<b>Certifications</b>
Inspector General	Certified Public Accountant (CPA) Certified Management Accountant (CMA) Certified Information Systems Auditor (CISA) Certified Information Technology Professional (CITP) Certified Inspector General (CIG)
Lead Consulting Auditor	Certified Public Accountant
Lead Consulting Auditor	Certified Internal Auditor
Chief Investigator	Certified Public Accountant Certified Fraud Examiner Certified Inspector General Investigator
Lead Information Systems Auditor	Certified Information Systems Auditor (CISA) Certified in Risk Information Systems Control (CRISC)
Executive Assistant	

Affiliations with professional organizations are as follows:

- Association of Inspectors General
- American Institute of Certified Public Accountants
- Institute of Internal Auditors
- Association of Local Government Auditors
- Institute of Management Accountants
- Information Systems Audit and Control Association
- Association of Certified Fraud Examiners

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## **PROFESSIONAL DEVELOPMENT**

In order for our Office to comply with the General Accounting Office's *Government Auditing Standards*, the Inspector General ensures that mandatory training requirements are satisfied for the entire Office of Inspector General staff. The goal of the program is to cost effectively increase professional knowledge and proficiency, and ensure that staff meets continuing professional education requirements.

During FY 2011 the staff received training in such topics as:

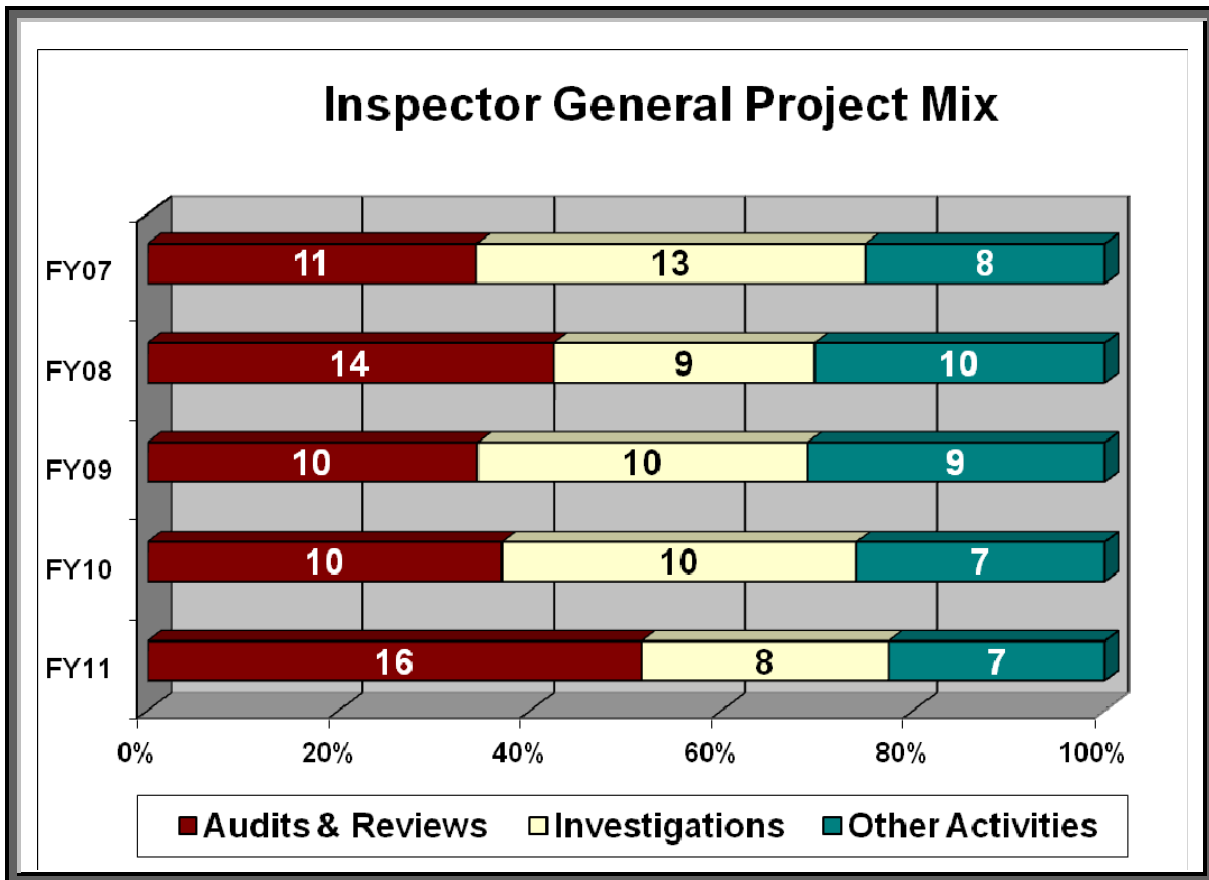
- Government Accounting Standards
- Government Auditing
- Information Systems
- Information Security
- Performance Standards
- Fraud Detection and Investigation

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## INSPECTOR GENERAL ACTIVITIES

The Inspector General prepares an annual audit plan that lists the audits and other activities that will be undertaken during the ensuing fiscal year. The Inspector General relies on a review of the District’s Strategic and Annual Work Plans, analysis of financial information, and input from the Audit & Finance Committee and District management, to aid in the development of this plan. The Office of Inspector General continues to identify those programs that pose the greatest challenge to the District, to assist in prioritizing audits, and to ensure the most effective use of staff resources. The Inspector General also considers the statutory responsibility to advise in the development of performance measurements, standards, and procedures in assessing District program risks.

The number of projects completed in FY 2011 compared to previous fiscal years is illustrated in the following graph:





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All audits, unless otherwise noted in the report, are conducted in accordance with generally accepted government auditing standards promulgated by the Comptroller General of the United States, which is commonly referred to as the “Yellow Book”. Reviews and investigations, unless otherwise noted in the report, are conducted in accordance with Principles and Standards for Offices of Inspector General promulgated by the Association of Inspectors General, which is commonly referred to as the “Green Book”.

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## **AUDITS & REVIEWS**

In FY 2011, the Inspector General's Office focused on performance auditing and completed 16 audits and review projects. Performance audits include comments on economy & efficiency, program compliance, and results. A summary of each report follows.

### **Audit of the Vegetation Management Program** *Project No. 09-04*

The objectives of this audit focused on examining the overall vegetation management program for the period October 1, 2007 through December 31, 2009. We found that the Vegetation and Land Management Program appeared to be operating in an effective and efficient manner. The Department's burn rate was at 97% and program goals were being met. We also found that internal controls over herbicides appeared adequate. However, field stations maintained high levels of herbicide inventory. We recommended that Operations and Maintenance establish an inventory cushion but reduce inventory levels closer to the 7-day mandatory delivery time frame.

We also found that improvements could be made to Vegetation Management's performance measurement system to better report the department's success in achieving its annual goals. We recommended that the department establish performance measurements that better communicate the department's success in meeting its goals and objectives. Management concurred with both of the recommendations made in the report.

### **Audit of the District's Integrated Real Estate Information System** *Project No. 09-16*

This audit focused on determining whether the District's IRIS database had achieved its intended purpose. In addition, we determined whether the system capabilities could be enhanced to fully realize the District's investment.

Overall, our audit revealed that the IRIS Project Team had adequate planning, budgetary and project management control processes in place to ensure that IRIS

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activities, projects, and applications supported the Land Acquisition Department's business processes and met their operational needs. We also determined that adequate control processes are in place to achieve the desired results and that the District has value-added data through the IRIS Data Warehouse. However, we identified additional enhancements that could help more fully realize the District's investment in the system. Management concurred with all of the 10 recommendations made in the report.

### **Audit of the SAP Solutions Center** ***Project No. 09-23***

This audit focused on determining whether the SAP Solution Center was meeting its goals and was operating efficiently and effectively. In addition, we determined whether the SAP system capabilities could be enhanced to fully realize the District's investment.

Overall, our audit revealed that the SAP Solution Center had adequate planning, budgetary and project management control processes in place to ensure that the activities, projects, and applications support the District's business processes and met the operational needs. However, following are some of the more significant recommendations identified in the report in order to assist with fully realizing the efficiency of the District's investment in SAP.

- Replace contract workers with full time employees, which would save approximately \$4.7 million annually.
- Plan for knowledge transfer from the existing consultants to District staff.
- Develop and keep a business case current since it is the key input to decisions made throughout the life of the project and to help the Project Sponsors assess whether project modifications and scope changes are adding business value.
- Consider delaying the Public Budget Formulation (PBF) Project until a greater number of SAP Public Sector customers have successfully implemented the product.
- Move back toward the original goal of redesigning District processes to fit SAP instead of customizing and programming SAP to fit District processes.

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- Bring the total resources down to between 5 to 9 consultants within a 9 month window.
  - Develop clear business support and a plan prior to purchasing additional software products.
  - Attempt to renegotiate with SAP to adjust maintenance fees back to 18%.

Management concurred with all 15 recommendations made in the report.

**Audit of Operations and Maintenance's  
Inventory Processes and Procedures**  
*Project No. 09-28*

The objective of this audit focused on assessing whether Operations and Maintenance's internal controls over consumable inventory were adequate and functioning properly. Overall, we found that Operations and Maintenance's internal controls over inventory were adequate and reasonable to ensure compliance with the District's policies and procedures. However, we found that certain inventory management practices could be improved to further strengthen internal controls. Our review disclosed that items included in inventory varied among the different field stations. Further, there were no written policies in place detailing what specific items and dollar thresholds of items that should be considered inventory. Management concurred with all of the four recommendations made in the report.

**Audit of Land Acquisition and  
Management Processes**  
*Project No. 10-01*

This audit focused on examining the land acquisition and appraisal processes for the period October 1, 2007 through December 31, 2009. The District's land acquisition program expenditures in recent years have exceeded \$100 million annually but new forecasts projected acquisitions to be reduced to approximately \$30 million. Due to the expected changes in land acquisition activities, and uncertain state revenue from the State

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of Florida for the Save Our Everglades and Florida Forever Trust Funds, management considered staff redirections commensurate with the anticipated work plan.

Overall, we found that accountability and transparency over the land acquisition and appraisal processes could be improved by establishing a Land Oversight Committee with responsibility to monitor the land acquisition strategy, solicit and select appraisers for appraisal assignments and review appraisal instructions. In addition, we determined that the internal control framework could be enhanced by separating the appraisal function from the land acquisition process, since the appraisal function reported to the Director of Land Acquisition. Best practices of the Appraisal Foundation recommend that the land acquisition and appraisal functions be independent of each other to remove any perception of bias.

Other recommendations to enhance internal controls over the appraisal process included discontinuing the use of hypothetical and/or extraordinary assumptions and special instructions. In addition, we recommended that the District may want to consider posting appraisals on its website prior to land acquisition approval by the Governing Board. Management concurred with all of the nine recommendations made in the report.

### **Audit of RECOVER Program** *Project No. 10-07*

This audit focused on providing District management with reasonable assurance on the adequacy of the system of management controls in effect over the RECOVER Program. Overall, the RECOVER audit revealed that the District is meeting its responsibilities and goals for the RECOVER program as set forth in the Design Agreement, Water Resources Development Act, Master Program Management Plan and the Programmatic Regulations for CERP. Although there had been no construction projects completed in the ten years since CERP was created, RECOVER has fulfilled the mandates of the authorizing documents to the extent possible. It was noted that progress had been made towards meeting RECOVER's goals and missions, by developing predictive models, baseline data, and monitoring and assessment processes, and is in a position to be able to continue to define and evaluate future CERP progress.

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RECOVER's accomplishments are summarized in the Scientific and Technical Knowledge Gained in Everglades Restoration (1999-2009) document.

RECOVER expenditures, since the program was established in 2001 through Fiscal Year 2010, are shown in the following table:

	<b>CORPS</b>	<b>SFWMD</b>	<b>TOTAL</b>
Planning & Evaluation	\$ 32,288,755	\$ 13,990,829	\$ 46,279,584
Adaptive Assessment	<u>37,859,912</u>	<u>39,497,148</u>	<u>77,357,060</u>
Total Expenditures	<u>\$70,148,667</u>	<u>\$ 53,487,977</u>	<u>\$ 123,636,644</u>

It should be noted that expenditures for Adaptive Assessment and Monitoring activities, which is capped at \$100 million by the Water Resource and Development Act, had already reached \$77 million through Fiscal Year 2010, with the Corps contributing \$38 million and the District contributing \$39 million. With budget projections through Fiscal Year 2011, the total expenditures for Adaptive Assessment was projected to reach approximately \$90 million.

Several key issues noted in the report are as follows:

- The RECOVER Program Management Plan had not been updated since 2004, covering the period 2004 through 2006. The CERP Master Program Management Plan requires all CERP programs, including RECOVER to be guided by an approved program management plan to provide a basis for managing and monitoring the program's activities.
- The District had not been timely in its reporting of Work-in-Kind expenditures. The expenditures are required to be reported quarterly; however, the District did not report the expenditures for Fiscal Years 2008 and 2009 until September 21, 2010.
- The Corps had been charging expenditures related to climate change monitoring to RECOVER, while the District had not. Further, the District did not specifically track climate change monitoring expenditures and was not able to submit them for Work-In-Kind credit under the cost sharing agreement.

Management concurred with all of the nine recommendations made in the report.

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**Audit of Operations and Maintenance's  
Equipment Leasing**  
*Project No. 10-14*

The objective of this audit focused on determining whether Operations and Maintenance's equipment lease agreements were cost efficient and whether the original criteria used to justify implementation was still appropriate under current economic conditions.

Overall, we found that Operations and Maintenance's decision to supplement the District's motor pool with leased vehicles was cost efficient under current economic conditions. Specifically, since the Fleet Unit's budget precludes the purchase of any new vehicles for the motor pool, we compared the cost of leasing the 20 vehicles in the motor pool to the cost of financing the purchase of the same vehicles over a six-year period to determine which option would be more advantageous to the District. Our analysis disclosed that the financing alternative would result in cost savings of only \$5,641 over the six-year period; however, the advantages associated with leasing considerably outweigh the financing alternative.

In addition, our review of utilization data maintained by the Fleet Unit disclosed that utilization levels of sedans and SUVs in the District's motor pool appeared adequate. However, utilization of the passenger vans in the District's motor pool were greatly underutilized. Further, we concluded that utilization data maintained by the Fleet Unit was mostly accurate; however, we noted a few exceptions. Management concurred with both of the recommendations made in the report.

**Audit of the Workers Separation Process**  
*Project No. 10-17*

This audit focused on examining the internal controls over disabling access to District information systems and facilities and retracting District property when employees, interns, and contract workers separate from the District. Overall, we found that there were adequate controls in place to ensure that access to District accounts are disabled, District property was retrieved, and security access was deactivated when employees, interns, and contract workers separate from the District. However, we

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concluded that certain improvements could be made to further strengthen the separation process. Summarized below are some of the issues we noted.

- In instances where Human Resources Solutions is responsible for initiating the separation process, we found that the process could be initiated more timely.
- The controls over disabling Active Directory accounts in the Identity Management System were effective (i.e., the “single sign-on” system to the District’s network).
- Access to Oracle database accounts are required to be manually disabled upon separation; however, our review disclosed that 52 of 77 (68%) separated employees’, interns’, and contract workers’ access to District Oracle database accounts were not disabled until 100 – 323 days after they separated from the District.
- Access to SAP Business Warehouse is required to be manually disabled upon separation; however, it appeared that the SAP Solution Center’s Security Team was not on the list of the staff/groups that receive the e-mail separation notification. During our audit, the Security Team was added to the notification list.
- Wireless devices could be terminated more timely upon separation from the District.
- A review of desktop and laptop retrieval information for 29 separated employees and contract workers revealed that in eight instances the equipment was not retrieved in a timely manner.
- Deactivation of security badges could be improved and only about 25% of the actual badges were returned to the Safety, Security & Emergency Management Department.

The Information Technology Security Unit strengthened the process for disabling RSA tokens and Supervisory Control and Data Acquisition (SCADA) Systems access during our audit.

Management concurred with all of the eight recommendations made in the report.



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**Audit of Compensatory Time**  
***Project No. 10-23***

The Audit of Compensatory Time focused on examining whether internal controls over the compensatory time program were adequate to ensure reasonable compliance with District policies and procedures governing compensatory time.

Overall, we found that compensatory time is a valuable program which provides flexibility for management to prioritize and complete unplanned time sensitive special projects that occur during the year. We also found that adequate controls appeared to be in place to ensure reasonable compliance with the compensatory time policy and procedure. However, to strengthen internal control over the compensatory time program, we recommended that management add a definition of a time sensitive project to the *Hours of Work and Overtime Procedure* to provide better guidance for supervisors approving compensatory time.

Our review found that due to the nature of certain staff responsibilities, advanced approval to earn compensatory time could not always be accomplished. In these instances of non-compliance, we found that compensatory hours were later approved by the employee's supervisor within a reasonable period time. We made two recommendations that management agreed to implement.

**Audit of General Engineering and Professional Services Contracts**  
***Project No. 10-26***

The Audit of General Engineering and Professional Services (GEPS) Contracts focused on determining whether GEPS work orders were being awarded in an equitable manner to prime contractors; whether prime contractors were utilizing Small Business Enterprise (SBE) subcontractors; whether adequate documentation was maintained to substantiate the level of effort/hours negotiated for executed work orders; and whether project managers were evaluating contractors' performances as required.

Overall, the audit revealed that there are adequate controls in place to ensure that GEPS work orders were distributed equitably among prime contractors considering the

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many factors that may affect the amount of work assigned to a contractor. However, we identified some issues that needed to be addressed to further strengthen the process. For example our review disclosed the following: an incorrect billing rate; certain prime contractors were falling behind on their Small Business Enterprise utilization goals; the Small Business Enterprise Utilization spreadsheet used to track utilization contained calculation errors; and payments made to Small Business Enterprises by prime contractors were not accurately reflected in District records. We made nine recommendations that management agreed to implement.

**Review of Cost Savings from  
Reduction in Contract Workers**  
*Project No. 11-04*

The review of Cost Savings from Reduction in Contract Workers focused on identifying and analyzing those instances where contract workers had been replaced with Full-Time Equivalent employees, to assess how effective the changes had been working and determine the actual cost savings realized. Our review indicated that annual cost saving from the implemented changes to be approximately \$6 million. Since this report was for informational purposes there were no findings and recommendations that required a formal management response.

**Review of Executive Director's Travel Expenses  
From July 1, 2010 to December 31, 2010**  
*Project No. 11-08*

The objective of this review was to determine whether travel reimbursements to the Executive Director were made in accordance with District travel policies and procedures and whether reimbursements were adequately substantiated, for the period July 1, 2010 to December 31, 2010. Our review disclosed that travel reimbursements to the Executive Director were made in accordance the District's travel policies and procedures.

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## **Follow-Up Audits**

### ***Follow-Up Audit for 7/1/10 – 9/30/10 Project No. 10-28***

This report on the implementation status of audit recommendations was for the period July 1, 2010 through September 30, 2010 (the “Fourth Quarter of FY 2010 Reporting Period”). The report revealed that management did a good job of implementing audit recommendations.

As of June 30, 2010 there were eight (8) recommendations that were not yet fully implemented, consisting of six (6) that were In-Process and two (2) that were Partially Implemented. During the Fourth Quarter of FY 2010 Reporting Period, four (4) of the recommendations were Partially Implemented. As of September 30, 2010, eight (8) remained in various stages of implementation, consisting of two (2) that were In-Process and six (6) that were Partially Implemented.

### ***Follow-Up Audit for 10/1/10 – 12/31/10 Project No. 11-03***

This report on the implementation status of audit recommendations was for the period October 1, 2010 through December 31, 2010 (the “First Quarter Reporting Period”). The report revealed that management did a good job of implementing audit recommendations. As of September 30, 2010 there were eight (8) recommendations that were not yet Fully Implemented, consisting of two (2) that were In-Process and six (6) that were Partially Implemented. During the First Quarter Reporting Period, two (2) of the recommendations were Fully Implemented. As of December 31, 2010, six (6) remained in the Partially Implemented stage.

During the First Quarter Reporting Period, 42 recommendations were added from six (6) newly issued reports. As of December 31, 2010, two (2) of these recommendations had been Partially Implemented and 32 had been Fully Implemented. In total from all reports, there were 16 recommendations that were In-Process of being implemented or had been Partially Implemented as of December 31, 2010.

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***Follow-Up Audit for 1/1/11 – 3/31/11***  
***Project No. 11-12***

This report on the implementation status of audit recommendations was for the period January 1, 2011 through March 31, 2011 (the “Second Quarter Reporting Period”). The report revealed that management did a good job of implementing audit recommendations. As of December 31, 2010 there were 16 recommendations that were not yet Fully Implemented, consisting of eight (8) that were In-Process and eight (8) that were Partially Implemented. During the Second Quarter Reporting Period, 10 of these recommendations had been Fully Implemented.

During the Second Quarter Reporting Period, no recommendations were added from newly issued reports. There were six (6) recommendations that were In-Process of being implemented or had been Partially Implemented as of March 31, 2011.

***Follow-Up Audit for 4/1/11 – 6/30/11***  
***Project No. 11-18***

This report on the implementation status of audit recommendations was for the period April 1, 2011 through June 30, 2011 (the “Third Quarter Reporting Period”). The report revealed that management did a good job of implementing audit recommendations. As of March 31, 2011 there were 6 recommendations that were not yet Fully Implemented, consisting of four (4) that were In-Process and two (2) that were Partially Implemented. The status of these recommendations remained the same as the previous period although progress had been made towards implementation.

During the Third Quarter Reporting Period, 13 recommendations were added from two (2) newly issued reports. As of June 30, 2011, two (2) of these recommendations had been Partially Implemented and ten (10) had been Fully Implemented. In total from all reports, there were nine (9) recommendations that were In-Process of being implemented or had been Partially Implemented as of June 30, 2011.

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## INVESTIGATIONS

Investigation issues arise from many different sources including: District management, District staff members, vendors, and citizens. The Chief Inspector General for the Office of the Governor also referred certain cases to our Office. We completed eight (8) investigations during FY 2011. A short summary of each investigation follows.

### **Investigation of M.A.C. Construction, Inc. and H.A. Contracting Corp. SBE Certifications** *Project No. 10-18*

At the request of the Procurement Bureau, we conducted an investigation into the eligibility of M.A.C. Construction Inc. (M.A.C. Construction) and H.A. Contracting Corp. (H.A. Contracting) to participate in the District's Small Business Enterprise (SBE) program. M.A.C. Construction and H.A. Contracting SBE program eligibility came into question during a District solicitation based on information that indicated that the two companies may be affiliated. A further review into this matter revealed that M.A.C. Construction and H.A. Contracting appeared to be sharing resources by having common employees. As a result of these factors, there was concern about whether the two companies were affiliates rather than independent stand alone companies.

We determined that M.A.C. Construction and H.A. Contracting are eligible for the District's SBE program. The companies are independent, unaffiliated businesses that have separate offices, employees and accounting records. We found no material intercompany transactions indicating that M.A.C. Construction and H.A. Contracting are affiliated. Although we identified a commercial lease between M.A.C. Construction and H.A. Contracting, it appeared to approximate market value. We did note that the owners of M.A.C. Construction and H.A. Contracting were signatories on each other's company bank accounts; however, this was due to the fact that the principle owners are siblings and this arrangement was due to providing a trusted family member with access to the bank accounts for emergency purposes and not an indication of affiliation. Furthermore, the combined revenue of the two companies still falls below the threshold necessary to qualify for SBE eligibility.

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**Audit Investigation Regarding Alleged  
Vendor Favoritism**  
*Project No. 10-19*

We investigated a whistle-blower complaint from a District employee alleging that a District division director awarded a \$50,000 purchase order to a vendor to perform unnecessary work in order for the vendor to hire the Division Director's spouse to perform the work. We could not corroborate the allegation that the Division Director colluded with vendor to have the purchase order work subcontracted to the Division Director's spouse, who was self-employed working as a GIS consultant at the time the purchase order was executed. However, neither could we conclusively rule out the possibility that the allegation may have occurred. Accordingly, we concluded that the allegation is not sustained.

We obtained sufficient testimonial and physical evidence to establish that the Division Director misrepresented her involvement with the process to procure the vendor's services. We found that she selected the vendor and the project manager; however, she denied that she was involved in those decisions. We also obtained sufficient evidence that the Division Director was aware of a joint District and Miami-Dade DERM project before the purchase order was issued that she chose to ignore, which was very similar to the purchase order statement of work. The most disturbing finding throughout our investigation, was that these misrepresentations appeared to be an attempt by the Division Director to understate her involvement with the process to procure the vendor's services, which lead us to suspect that the Division Director had ulterior motives relating to the issuance of this purchase order. Through testimonial and physical evidence, we substantiated facts that were contrary to representations made by the Division Director, the Division Director's spouse, and the vendor.

**Investigation of Complaint Regarding Excessive  
Noise from Pump Station S-332-B**  
*Project No. 10-20*

We investigated the District's response to a citizen complaint regarding excessive noise emanating from pump station operations at S-332B, which is located in Miami-

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Dade County. The complainant lives approximately 1/3 mile from the pump station and claimed that the noise level from the nightly operation was extremely loud, depriving him of the peaceful enjoyment of his property.

Within a few months, the Operations and Maintenance team retrofitted the S-332B pump station with sound reduction equipment including exhaust silencers/isolators, high grade aluminum sound barriers, heavy duty anti-fatigue rubber mats adjacent to the metal engine building, and flexible high density knitted cloth from the railing to the canal. District expenditures for sound reduction equipment and District installation labor totaled \$63,390.

The District's noise reduction efforts resulted in a significant decrease in S-332B pump station noise levels to well below the average community standard of 50 decibels during evening hours, based on an independent consultants sound measurements. In our opinion, District staff was diligent in responding to the complainant's concerns.

**Investigation of an Alleged Bribe  
Offer by a District Vendor  
*Report No. 10-27***

The Human Resource Solution Department forwarded a complaint from a Contract Inspector assigned to the Clewiston Field Station claiming that he was mistreated after reporting to field station management a bribe offer from a prospective District vendor. This incident also caused the complainant to be concerned with his future at the District because he claimed that the vendor who offered the bribe is a relative of a Clewiston Field Station manager. The complainant claimed that after he reported the bribery offer to his two supervisors he was given a verbal and written reprimand for supposedly violating a District policy. Moreover, the complainant believed that he would be subjected to strong retribution and retaliation by Clewiston Field Station management for reporting this bribery incident and thus had no possibility of future advancement.

Nothing came to our attention to indicate that the verbal bribe offer was not made to the Contract Inspector. During our interview with the prospective vendor he denied making any such bribe offer and we could not corroborate the bribery allegation with any

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physical evidence. As a result, the allegation of bribery by a District vendor was not sustained.

The Contract Inspector's contention that he was treated unprofessionally and unfairly by field station management and the Central Field Operations Department Director and that he received a verbal and written reprimand for reporting a bribe incident was unfounded. We found no standard in the District's policy that defines unprofessional and unfair treatment in which to apply to these circumstances. Moreover, no oral or written reprimand was issued for this incident and Operations and Maintenance management had no intention of issuing any corrective action to the employee. Further, we found no threats or acts of retaliation against the Contract Inspector by field station management.

**Investigation of an Anonymous Complaint Alleging  
that Two Lakeside Ranch Project Subcontractors  
Hired Illegal Workers**  
*Report No. 11-10*

We investigated an anonymous complaint alleging that the general contractor on the Lakeside Ranch Stormwater Treatment Area project, (Lakeside Ranch) had at least two subcontractors who had illegal workers on their payroll. The complainant identified himself as a south Florida contractor that had done work for the District. The complainant asserted that the procurement bidding system was unfair and without integrity for allowing contractors with illegal workers on the payroll to receive District contracts.

The allegation that two subcontractors had illegal workers on their payroll was not sustained, as we could neither prove nor disprove that the allegations occurred. At the time the District executed this contract, the contract language did not contain a provision requiring contractors and their subcontractors to use Department of Homeland Security's E-Verify system to determine employment eligibility of their workers. However, Governor Scott signed Executive Order 11-02 in January 2011, which requires State contractors to now use the E-Verify system to determine worker's employment eligibility. The District has amended its contracting process to implement the new requirements prospectively. The District's standard contract also contains a provision



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which allows the District, at its discretion, to verify contractor compliance with the E-Verify provision.

**Investigation of Staff's Response to Citizen  
Complaint Regarding Herbicide Application  
*Report No. 11-13***

Our Office reviewed District staff's response to a citizen's complaint concerning herbicide application upland of Lake Kissimmee. The complainant questioned whether the District followed certain processes and procedures when applying the herbicides, Diquat E Pro, Escort XP and Imazapyr. O&M staff had reported to the complainant that all herbicide labels and herbicide application safety procedures were appropriately followed. O&M management requested that our Office verify staff's response to the complainant.

We found that the Vegetation Management department has established a process that ensures compliance with herbicide labels and evaluates other consideration before applying the herbicides. Our examination of the Diquat E Pro, Escort XP and Imazapyr labels and MSDS, including application instructions, revealed that neither public notification nor a permit is required when applying these herbicides. In addition, our review of Rule 5E-2.033 revealed that the rule is not applicable to Diquat E Pro, Escort XP and Imazapyr. This rule identifies and restricts the use of herbicides that may have high volatility under certain conditions and Diquat E Pro, Escort XP and Imazapyr are not identified as these type herbicides. Accordingly, we found that the District staff response to the citizen's concerns was accurate and supported by applicable regulations.

**Investigation of Complaint Regarding Palm Beach  
County Consumptive Use Permit Modification  
*Report No. 11-15***

We investigated a complaint our Office received concerning a Verified Complaint filed by Cove Club Investors, Ltd (the "Verified Complaint") regarding alleged adverse affect of a consumptive use permit modification issued to the Palm Beach County Water

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Utilities Department. The complainant was not satisfied with the District's response to the Verified Complaint and questioned whether a notification regarding an administrative process for challenging District staff's conclusions should have accompanied the District's response.

We met with professionals in the District's Regulatory Division and the Office of Counsel. They advised that there was no further established administrative process for Cove Club Investors, Ltd. to pursue relating to their complaint concerning Pam Beach County Water Utilities Department. However, the District has offered to work with Cove Club Investors, Ltd. to improve their surface water system and ensure compliance with regulations.

### **Investigation of Alleged Management Retaliation** ***Report No. 11-21***

We received a complaint, through the District's Human Resource Solutions, that requested our Office to investigate allegations of employer retaliation, mismanagement and waste in accordance with Section 112.3189, Florida Statutes (the "Whistle-blower's Act"). The complainant was a former employee (the "Complainant") who was terminated in August 2011 as part of the District's workforce reduction effort. The Complainant believed that his overall performance combined with his credentials, degrees, certificates, skills and experience compared favorably to other staff in Hydrologic & Environmental System Modeling (HESM). Accordingly, he believed that he was one of the more qualified staff members in the Modeling Section and was wrongly terminated. The Complainant contended that HESM managers took retaliatory action and terminated him for disclosing information about problems with the Regional Simulation Model Water Quality (RSM Water Quality). This model was under construction for many years as well as the Dynamic Model for Stormwater Treatment Areas, which is used in Stormwater Treatment Area designs.

The Complainant also requested an investigation of a Lead Hydrologic Modeler in HESM for allegedly providing false statement about the status of RSM Water Quality in an attempt to cover up problems with the model and deceive management about the progress made toward completing the project.

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We found that the allegations contending that the Lead Hydrologic Modeler made intentional false statements about the RSM Water Quality model, which were alleged to result in gross mismanagement and gross waste of public funds, were unfounded. Moreover, the allegation contending that he deceived management about the progress made towards developing the RSM Water Quality model was also without merit.

We concluded that the Complainant's contention that HESM managers took retaliatory action and terminated him for supposedly revealing previously undisclosed information about the problems with the RSM Water Quality model was unfounded. HESM management was regularly briefed on RSM Water Quality issues. The Complainant was laid off as part of the District's downsizing during the year, in which key staff were retained.

Accordingly, the Complainant did not meet Whistle-blower protection criteria. We determined that the information disclosed in the complaint was not violations of any federal, state, or local law, rule, or regulation, thereby creating and presenting a substantial and specific danger to the public's health, safety, or welfare, or was not an act of gross mismanagement, malfeasance, misfeasance, gross waste of public funds, or gross neglect of duty.

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## **OTHER PROJECTS**

### **Assistance to Management**

The Office of Inspector General periodically receives requests from District departments to consult with, and provide advice, on various projects. Such projects may entail examination, investigation or analysis of specific matters. This support may involve financial analysis, performance reviews, information systems reviews, review of rule or policy changes, contract pricing verification, or serving in an advisory capacity to assist in the decision making process regarding specific projects. Our Office assisted with three such requests during FY 2011.

### **Administrative Projects**

During FY 2011 our Office completed the following administrative projects:

- Developed FY 2012 Audit Plan.
- Completed the Office of Inspector General Annual Report for FY 2010.
- Maintained and updated the Office of Inspector General Web Site.
- Managed the contract with McGladrey & Pullen, LLP, for External Independent Auditing Services. The District received an unqualified opinion on its financial statements for the year ended September 30, 2010.

## **SPECIAL RECOGNITIONS**

### **Association of Local Government Auditors Knighton Award**

The Association of Local Government Auditors (ALGA) Awards Committee selected our *Audit of the SAP Solution Center* as the winner for the 2010 Knighton Award in the medium audit organization category. The award recognizes audits that demonstrated that they are among the best of local government audit organizations.

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## **Professional Accomplishments**

We congratulate the following OIG staff members for their accomplishments:

- Tim Beirnes, Inspector General (former Director of Auditing), was awarded the designation of Certified Inspector General by successfully completing the program by the Association of Inspectors General.

## APPENDIX 1

SOUTH FLORIDA WATER MANAGEMENT DISTRICT



# **Audit Recommendations Follow-Up Report**

**For the Period July 1, 2010  
Through September 30, 2010**

**Project #10-28**

**Prepared by  
Office of Inspector General**

**John W. Williams, Esq., Inspector General  
J. Timothy Beirnes, CPA, Director of Auditing**


**[sfwmd.gov](http://sfwmd.gov)**



# SOUTH FLORIDA WATER MANAGEMENT DISTRICT

## Memorandum

**To:** Audit and Finance Committee Members:  
Mr. Charles J. Dauray, Chair  
Mr. Eric Buermann, Member  
Mr. Joe Collins, Member  
Mr. Glenn Waldman, Member

**From:** John W. Williams, Esq., Inspector General  
Office of Inspector General 

**Date:** November 12, 2010

**Subject:** Audit Recommendations Follow-Up Report -  
For the Period July 1, 2010 Through September 30, 2010  
Project No. 10-28

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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 department/office.

Tim Beirnes, Director of Auditing, prepared this report. Should you have any questions concerning the enclosed report, please feel free to call me at (561) 682-6128.

C: Carol Wehle  
Tom Olliff

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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 period July 1, 2010 through September 30, 2010 (the "Reporting Period"). As shown in Exhibit 1, as of June 30, 2010 there were eight (8) recommendations that were not yet fully implemented, consisting of six (6) that were In-Process and two (2) that were Partially Implemented. Since then, four (4) of these recommendations have been Partially Implemented. As of September 30, 2010, eight (8) remain in various stages of implementation, consisting of two (2) that are In-Process and six (6) that are Partially Implemented.

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There were no recommendations changed to the “No Longer Applicable” status during the current Reporting Period. 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.
- The policy, statute, or rule has changed.
- Change in strategic direction.

No recommendations fell into the “Not Implemented” category for the current and the previous report.

Following is a brief description of the attached exhibits:

- **Exhibit 1:** This Exhibit 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:** This Exhibit 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:** This exhibit 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:** This exhibit is a report printed directly from our Access database that contains additional information.

**EXHIBIT 1**  
**Summary of Recommendations Status**  
As of September 30, 2010

	In	Partially	
<b>Prior Period Reports</b>	<b>Process</b>	<b>Implemented</b>	<b>Total</b>
Status Prior Period (June 30, 2010)	6	2	8
Implemented or Partially Implemented During Period	(4)	4	-
Remaining Recommendations to be Fully Implemented	2	6	8
<b>Reports Issued During Current Period</b>			
New Recommendations*	-	-	-
Implemented or Partially Implemented	-	-	-
Remaining Recommendations to be Fully Implemented	-	-	-
<b>Current Status</b>			
<b>Remaining Recommendations to be Fully Implemented</b>	<b>2</b>	<b>6</b>	<b>8</b>

\* Initial Status is set as "In-Process"

**EXHIBIT 2**  
**Audit Reports With Implementation of Recommendations in Progress**  
**As of September 30, 2010**

Audit No.	Audit Title	No. of Recs		In Process	Partially Implemented	No Longer Applicable	Implemented	
	<b>Recommendations - Prior Period Reports</b>							
06-19	Audit of the KRR Restoration Project In-Kind Credit Request Process	10	Prior Period Status	1	1	0	8	Open
			Change in Status	-1	1	0	0	
			Current Period Status	0	2	0	8	
07-36	Audit of the Information Technology Department	2	Prior Period Status	1	0	0	1	Open
			Change in Status	-1	1	0	0	
			Current Period Status	0	1	0	1	
08-09	Review of Internal Controls Over Fuel Inventory	5	Initial Status	0	1	0	4	Open
			Change in Status	0	0	0	0	
			Current Period Status	0	1	0	4	
08-12	Review of the GEPS Services Contracts	3	Prior Period Status	1	0	0	2	Open
			Change in Status	-1	1	0	0	
			Current Period Status	0	1	0	2	
09-02	Audit of Compliance with Lake Okeechobee Protection Act	2	Initial Status	2	0	0	0	Open
			Change in Status	0	0	0	0	
			Current Period Status	2	0	0	0	
09-07	Audit of SCADA Impelmentation and Operations	6	Initial Status	1	0	0	0	Open
			Change in Status	-1	1	0	5	
			Current Period Status	0	1	0	5	
	<b>Recommendation - Report Issued During Current Period</b>							
								Open
	<b>Recommendations - All Reports</b>							
	<b>TOTAL</b>	28	Prior/Initial Status	6	2	0	15	
Change in Status			-4	4	0	5		
Status Current Period			2	6	0	20		
	<b>Number of Recommendations Remaining to Be Fully Implemented</b>	<b>8</b>		<b>2</b>	<b>6</b>			

Prior Period = As of June 30, 2010

**EXHIBIT 3**  
**Detail of In-Process and Partially Implemented Audit Recommendations**  
As of September 30, 2010

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Due Date		Recommendation	Management Response	Current Period Comments Regarding Status
					Original	Revised			
06-19	5	Audit of the KRR Restoration Project In-Kind Credit Request Process	In Process	Partially Implemented	12/31/2007	12/31/2010	Determine the amount of unclaimed expenses incurred for environmental assessments and submit a claim for these expenses as construction costs.	Each Critical Restoration Project is covered by a separate Project Cooperative Agreement, which outlines cost-sharing responsibilities for the project. Currently, there is no provision to balance the 50/50 cost-share across all of the projects. This sets up a situation where the USACE is required to request cash contributions for some projects and provide reimbursement for others. In the upcoming Water Resource Development Acts or Appropriation Bills, the District will attempt to get Congress to authorize the USACE to balance the 50/50 cost-share across all projects with the District. This would eliminate the need for cash contributions and reimbursements	Updated Expenses were submitted to the Corps but additional information was requested. During the second reconciliation, staff discovered a discrepancy in the financial reports from the old financial system which will result in additional crediting opportunities. Staff is reconciling information for submission.
06-19	10	Audit of the KRR Restoration Project In-Kind Credit Request Process	Partially Implemented	Partially Implemented	12/31/2007	12/31/2010	Reconcile total expenditures charged to the KRR program per the District's financial system ("F" program code) to total expenditures claimed for in-kind credit (or will be claimed in the future under the established process.)	Agree. Watershed Management now uses P3E project management software for the Kissimmee River Restoration Project and updates are made monthly to reflect budget expenditures.	Updated expenses were submitted to the Corps, but additional information was requested. During the second reconciliation, staff discovered a discrepancy in the financial reports from the old financial system which will result in additional crediting opportunities. Staff is reconciling information for submission.

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Due Date		Recommendation	Management Response	Current Period Comments Regarding Status
					Original	Revised			
07-36	1	Audit of the Information Technology Department	In Process	Partially Implemented	10/30/2009	9/30/2011	Consider hiring full time employees for IT positions considered permanent and ongoing.	We agree that the addition of the 39 FTEs to cover core functions that are currently performed by contractors would result in a savings of approximately \$2.6 million dollars per year on an ongoing basis. We would prefer to have FTEs performing these core functions because we believe our staffing model would be more stable. We also recognize that there may be limitations to the number of FTEs that can be added at this time.	The IT Department agrees with this recommendation. Executive Office received approval to convert five IT Contractor Positions to full time positions. These positions will be recruited in FY2011 and the estimated full year savings will be \$1,950,033. The net savings from the five IT contractors is \$263,446 that takes into account a three month recruiting period and cubicle reconfiguration costs. The total \$1.95 million savings from wave 1 included contractors from FY2010 that were not budgeted in FY2011. The gross savings from the five contractor conversions from wave 1 is \$366,635. Additionally, IT has provided information to Executive Office about the remaining contractors positions that could be converted to full time positions and result in further cost savings.
08-09	2	Review of Internal Controls Over Fuel Inventory	Partially Implemented	Partially Implemented	9/30/2009	9/30/2013	Implement physical security measures that were identified by Emergency/Security Management.	Fencing repairs will be done in FY2010. New fences will be deferred to future years due to FY2010 budget constraints. For security systems, we will coordinate with Security Management to have them budget for these systems in future years.	The fencing for the north shore pump station (i.e. 127, 129, 131, 133, 193) has been added to the trash rake projects at each of the site and all construction will be completed by the end of FY13.
08-12	3	Review of the GEPS Services Contracts (2008)	In Process	Partially Implemented	11/1/2010	9/30/2011	Consider seeking authorization for additional staff positions in order to replace higher cost contractor workers, that are performing ongoing activities, with employees.	Management concurs with this recommendation; however, the addition of Full Time Employees (FTEs) to the District's authorized staffing levels is being coordinated between the Executive Office and the Governor's Office.	Procurement agrees with this recommendation. Executive Office received approval to convert 13 ERCP contractors to full time positions. These positions will be recruited in FY2011 and the estimated full year savings will be \$8,798,872
09-02	1	Audit of Compliance with Lake Okeechobee Protection Act	In Process	In Process	1/31/2011	1/31/2011	Carefully analyze the reasons why an updated Lake Okeechobee Protection Plan Evaluation Report for 2010 may not be necessary. If it is determined that a reevaluation is not necessary then request approval from the legislature not to submit the Lake Okeechobee Protection Plan Evaluation Report for 2010.	The amendments to the 2007 legislature created the Northern Everglades Protection Program which required an update to the Lake Okeechobee plan in 2008. Recognizing the report is due tri-annually, staff is working on the 2011 Update for the Northern Everglades and Estuaries Protection Plan.	Plan is on Schedule

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Due Date		Recommendation	Management Response	Current Period Comments Regarding Status
					Original	Revised			
09-02	2	Audit of Compliance with Lake Okeechobee Protection Act	In Process	In Process	1/31/2011	1/31/2011	Alert senior management about the potential issues that could delay reducing the phosphorus load to 140 metric tons per year prior to the January 1, 2015 legislative mandate.	This action is in progress	Plan is on Schedule
09-07	1	Audit of SCADA Implementation and Operations	In Process	Partially Implemented	3/31/2011	3/31/2011	Consider hiring full time employees to perform SCADA work that is considered permanent and ongoing.	Management concurs with recommendation. SCADA staff developed a staffing analysis that showed a need for 25 FTEs to replace site installation contractors with a cost savings of \$1 million per year once implemented. The FY09 budget included authorization to hire 10 staff to replace contractors. This was part one of a multi-year proposed replacement of contractors with FTEs for long-term ongoing core work efforts. No new positions were included in the FY10 budget. Staff is reviewing the contractor transition plan and will propose additional FTEs in FY11. Until the transition is complete, the District will have to continue to rely upon some level of contracting to provide SCADA installation and maintenance/repair services.	O&M has requested 10 new positions in FY11 to bring SCADA maintenance activities in-house. The positions are part of the "second wave" of new positions which the District is awaiting approval from the Governor to implement. In addition, two FTE's were requested and approved for maintenance of compartment B&C SCADA facilities; these positions are currently under recruitment.

## Exhibit 4

### Status of Recommendations Not Fully Implemented

Audit No.	Audit Name		
Recommendation	Current Status	Auditor's Comment	
<b>06-19</b>	<b>Audit of the KRR Restoration Project In-Kind Credit Request Process</b>		
<p><b># 5</b> Determine the amount of unclaimed expenses incurred for environmental assessments and submit a claim for these expenses as construction costs.</p> <p>Original Due Date: 12/31/2007 Revised Due Date: 12/31/2010</p>	<p><b>Partially Implemented</b></p>	<p>Updated Expenses were submitted to the Corps but additional information was requested. During the second reconciliation, staff discovered a discrepancy in the financial reports from the old financial system which will result in additional crediting opportunities. Staff is reconciling information for submission.</p> <p>Auditor Update: 11/5/2010</p>	
<p><b># 10</b> Reconcile total expenditures charged to the KRR program per the District's financial system ("F" program code) to total expenditures claimed for in-kind credit (or will be claimed in the future under the established process.)</p> <p>Original Due Date: 12/31/2007 Revised Due Date: 12/31/2010</p>	<p><b>Partially Implemented</b></p>	<p>Updated expenses were submitted to the Corps, but additional information was requested. During the second reconciliation, staff discovered a discrepancy in the financial reports from the old financial system which will result in additional crediting opportunities. Staff is reconciling information for submission.</p> <p>Auditor Update: 11/5/2010</p>	
<b>07-36</b>	<b>Audit of the Information Technology Department</b>		
<p><b># 1</b> Consider hiring full time employees for IT positions considered permanent and ongoing.</p> <p>Original Due Date: 10/30/2009 Revised Due Date: 9/30/2011</p>	<p><b>Partially Implemented</b></p>	<p>The IT Department agrees with this recommendation. Executive Office received approval to convert five IT Contractor Positions to full time positions. These positions will be recruited in FY2011 and the estimated full year savings will be \$1,950,033. The net savings from the five IT contractors is \$263,446 that takes into account a three month recruiting period and cubicle reconfiguration costs. The total \$1.95 million savings from wave 1 included contractors from FY2010 that were not budgeted in FY2011. The gross savings from the five contractor conversions from wave 1 is \$366,635. Additionally, IT has provided information to Executive Office about the remaining contractors positions that could be converted to full time positions and result in further cost savings.</p> <p>Auditor Update: 11/5/2010</p>	
<b>08-09</b>	<b>Review of Internal Controls Over Fuel Inventory</b>		
<p><b># 2</b> Implement physical security measures that were identified by Emergency/Security</p>	<p><b>Partially Implemented</b></p>	<p>The fencing for the north shore pump station (i.e. 127, 129, 131, 133, 193) has been added to</p>	



<b>Audit No.</b>	<b>Audit Name</b>
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<b>Recommendation</b>	<b>Current Status</b>	<b>Auditor's Comment</b>
Management.		the trash rake projects at each of the site and all construction will be completed by the end of FY13.
Original Due Date:	9/30/2009	Auditor Update: 11/5/2010
Revised Due Date:	9/30/2013	

<b>08-12</b>	<b>Review of the GEPS Services Contracts</b>
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<b># 3</b>	Consider seeking authorization for additional staff positions in order to replace higher cost contractor workers, that are performing on-going activities, with employees.	<b>Partially Implemented</b>	Procurement agrees with this recommendation. Executive Office received approval to convert 13 ERCP contractors to full time positions. These positions will be recruited in FY2011 and the estimated full year savings will be \$8,798,872
Original Due Date:	1/1/2010	Auditor Update:	11/5/2010
Revised Due Date:	9/30/2011		

<b>09-02</b>	<b>Audit of Compliance with Lake Okeechobee Protection Act</b>
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<b># 1</b>	Carefully analyze the reasons why an updated Lake Okeechobee Protection Plan Evaluation Report for 2010 may not be necessary. If it is determined that a reevaluation is not necessary then request approval from the legislature not to submit the Lake Okeechobee Protection Plan Evaluation Report for 2010.	<b>In Process</b>	Plan is on Schedule.
Original Due Date:	1/31/2011	Auditor Update:	11/5/2010
Revised Due Date:	1/31/2011		
<b># 2</b>	Alert senior management about the potential issues that could delay reducing the phosphorus load to 140 metric tons per year prior to the January 1, 2015 legislative mandate.	<b>In Process</b>	Plan is on Schedule.
Original Due Date:	1/31/2011	Auditor Update:	11/5/2010
Revised Due Date:	1/31/2011		

<b>09-07</b>	<b>Audit of SCADA Implementation and Operations</b>
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<b># 1</b>	Consider hiring full time employees to perform SCADA work that is considered permanent and ongoing.	<b>Partially Implemented</b>	O&M has requested 10 new positions in FY11 to bring SCADA maintenance activities in-house. The positions are part of the "second wave" of new positions which the District is awaiting approval from the Governor to implement. In addition, two FTE's were requested and approved for maintenance of compartment B&C SCADA facilities; these positions are currently under recruitment.
Original Due Date:	3/31/2011	Auditor Update:	11/5/2010
Revised Due Date:	3/31/2011		

APPENDIX 2

SOUTH FLORIDA WATER MANAGEMENT DISTRICT



**Audit Recommendations  
Follow-Up Report  
For the Period October 1, 2010  
Through December 31, 2010**

**Project #11-03**

**Prepared by  
Office of Inspector General**

**John W. Williams, Esq., Inspector General  
J. Timothy Beirnes, CPA, Director of Auditing**


**[sfwmd.gov](http://sfwmd.gov)**



# SOUTH FLORIDA WATER MANAGEMENT DISTRICT

## Memorandum

**To:** Audit and Finance Committee Members:  
Mr. Charles J. Dauray, Chair  
Mr. Eric Buermann, Member  
Mr. Joe Collins, Member  
Mr. Glenn Waldman, Member

**From:** John W. Williams, Esq., Inspector General  
Office of Inspector General 

**Date:** February 9, 2011

**Subject:** Audit Recommendations Follow-Up Report -  
For the Period October 1, 2010 Through December 31, 2010  
Project No. 11-03

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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 department/office.

Tim Beirnes, Director of Auditing, prepared this report. Should you have any questions concerning the enclosed report, please feel free to call me at (561) 682-6128.

C: Carol Wehle  
Tom Olliff

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**EXHIBIT 4: Status of Recommendations Not Fully Implemented.....20**

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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 period October 1, 2010 through December 31, 2010 (the "Reporting Period"). As shown in Exhibit 1, as of September 30, 2010 there were eight (8) recommendations that were not yet Fully Implemented, consisting of two (2) that were In-Process and six (6) that were Partially Implemented. Since then, two (2) of these recommendations have been Fully Implemented. As of December 31, 2010, six (6) remain in the Partially Implemented stage.

During the Reporting Period, 42 recommendations were added from six (6) newly issued reports. As of December 31, 2010, two (2) of these recommendations have been Partially Implemented and 32 have been Fully Implemented. In total from all reports, there are currently 16 recommendations that are In-Process of being implemented or have been Partially Implemented as of December 31, 2010.

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There were no recommendations changed to the “No Longer Applicable” status during the current Reporting Period. 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.
- The policy, statute, or rule has changed.
- Change in strategic direction.

No recommendations fell into the “Not Implemented” category for the current and the previous report.

Following is a brief description of the attached exhibits:

- **Exhibit 1:** This Exhibit 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:** This Exhibit 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:** This exhibit 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:** This exhibit is a report printed directly from our Access database that contains additional information.

**EXHIBIT 1**  
**Summary of Recommendations Status**  
As of December 31, 2010

	In	Partially	
<b>Prior Period Reports</b>	<b>Process</b>	<b>Implemented</b>	<b>Total</b>
Status Prior Period (September 30, 2010)	2	6	8
Implemented or Partially Implemented During Period	<u>(2)</u>	<u>-</u>	<u>(2)</u>
Remaining Recommendations to be Fully Implemented	<u>-</u>	<u>6</u>	<u>6</u>
<b>Reports Issued During Current Period</b>			
New Recommendations*	42	-	42
Implemented or Partially Implemented	<u>(34)</u>	<u>2</u>	<u>(32)</u>
Remaining Recommendations to be Fully Implemented	<u>8</u>	<u>2</u>	<u>10</u>
<b>Current Status</b>			
<b>Remaining Recommendations to be Fully Implemented</b>	<b><u>8</u></b>	<b><u>8</u></b>	<b><u>16</u></b>

\* Initial Status is set as "In-Process"

**EXHIBIT 2**  
**Audit Reports With Implementation of Recommendations in Progress**  
**As of December 31, 2010**

<b>Audit No.</b>	<b>Audit Title</b>	<b>No. of Recs</b>		<b>In Process</b>	<b>Partially Implemented</b>	<b>No Longer Applicable</b>	<b>Implemented</b>	
<b>Recommedations - Prior Period Reports</b>								
06-19	Audit of the KRR Restoration Project In-Kind Credit Request Process	10	Prior Period Status	0	2	0	8	Open
			Change in Status	0	0	0	0	
			Current Period Status	0	2	0	8	
07-36	Audit of the Information Technology Department	2	Prior Period Status	0	1	0	1	Open
			Change in Status	0	0	0	0	
			Current Period Status	0	1	0	1	
08-09	Review of Internal Controls Over Fuel Inventory	5	Initial Status	0	1	0	4	Open
			Change in Status	0	0	0	0	
			Current Period Status	0	1	0	4	
08-12	Review of the GEPS Services Contracts	3	Prior Period Status	0	1	0	2	Open
			Change in Status	0	0	0	0	
			Current Period Status	0	1	0	2	
09-02	Audit of Compliance with Lake Okeechobee Protection Act	2	Initial Status	2	0	0	0	Complete
			Change in Status	-2	0	0	2	
			Current Period Status	0	0	0	2	
09-07	Audit of SCADA Impelmentation and Operations	6	Initial Status	0	1	0	5	Open
			Change in Status	0	0	0	0	
			Current Period Status	0	1	0	5	



Audit No.	Audit Title	No. of Recs		In Process	Partially Implemented	No Longer Applicable	Implemented	
	<b>Recommendation - Report Issued During Current Period</b>							
09-04	Audit of the Vegetation Management Program	2	Initial Status	2	0	0	0	Open
			Change in Status	-1	0	0	1	
			Current Period Status	1	0	0	1	
09-16	Audit of the District's Integrated Real Estate Information System (IRIS)	10	Initial Status	10	0	0	0	Complete
			Change in Status	-10	0	0	10	
			Current Period Status	0	0	0	10	
09-23	Audit of the SAP Solutions Center	15	Initial Status	15	0	0	0	Open
			Change in Status	-10	2	0	8	
			Current Period Status	5	2	0	8	
09-28	Audit of Operations and Maintenance's Inventory Processes and Procedures	4	Initial Status	4	0	0	0	Complete
			Change in Status	-4	0	0	4	
			Current Period Status	0	0	0	4	
10-01	Audit of the District's Land Acquisition and Management Processes	9	Initial Status	9	0	0	0	Open
			Change in Status	-7	0	0	7	
			Current Period Status	2	0	0	7	
10-14	Audit of Operations and Maintenance's Equipment Leasing	2	Initial Status	2	0	0	0	Complete
			Change in Status	-2	0	0	2	
			Current Period Status	0	0	0	2	
	<b>Recommendations - All Reports</b>							
	<b>TOTAL</b>	70	Prior/Initial Status	44	6	0	20	
			Change in Status	-36	2	0	34	
			Status Current Period	8	8	0	54	
	<b>Number of Recommendations Remaining to Be Fully Implemented</b>	<b>16</b>		<b>8</b>	<b>8</b>			

Prior Period = As of September 30, 2010

**EXHIBIT 3**  
**Detail of In-Process and Partially Implemented Audit Recommendations**  
As of December 31, 2010

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Due Date		Recommendation	Management Response	Current Period Comments Regarding Status
					Original	Revised			
06-19	5	Audit of the KRR Restoration Project In-Kind Credit Request Process	Partially Implemented	Partially Implemented	12/31/2007	4/30/2011	Determine the amount of unclaimed expenses incurred for environmental assessments and submit a claim for these expenses as construction costs.	Each Critical Restoration Project is covered by a separate Project Cooperative Agreement, which outlines cost-sharing responsibilities for the project. Currently, there is no provision to balance the 50/50 cost-share across all of the projects. This sets up a situation where the USACE is required to request cash contributions for some projects and provide reimbursement for others. In the upcoming Water Resource Development Acts or Appropriation Bills, the District will attempt to get Congress to authorize the USACE to balance the 50/50 cost-share across all projects with the District. This would eliminate the need for cash contributions and reimbursements	Updated expenses were submitted to the Corps but additional information was requested. During the second reconciliation, staff discovered a discrepancy in the financial reports from the old financial system which resulted in additional crediting opportunities. While it was thought be corrected, there is an issue with payroll during the transition from the old financial system to SAP. These are being corrected.
06-19	10	Audit of the KRR Restoration Project In-Kind Credit Request Process	Partially Implemented	Partially Implemented	12/31/2007	4/30/2011	Reconcile total expenditures charged to the KRR program per the District's financial system ("F" program code) to total expenditures claimed for in-kind credit (or will be claimed in the future under the established process.)	Agree. Watershed Management now uses P3E project management software for the Kissimmee River Restoration Project and updates are made monthly to reflect budget expenditures.	Updated expenses were submitted to the Corps but additional information was requested. During the second reconciliation, staff discovered a discrepancy in the financial reports from the old financial system which resulted in additional crediting opportunities. While it was thought be corrected, there is an issue with payroll during the transition from the old financial system to SAP. These are being corrected.

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Due Date		Recommendation	Management Response	Current Period Comments Regarding Status
					Original	Revised			
07-36	1	Audit of the Information Technology Department	Partially Implemented	Partially Implemented	10/30/2009	9/30/2011	Consider hiring full time employees for IT positions considered permanent and ongoing.	We agree that the addition of the 39 FTEs to cover core functions that are currently performed by contractors would result in a savings of approximately \$2.6 million dollars per year on an ongoing basis. We would prefer to have FTEs performing these core functions because we believe our staffing model would be more stable. We also recognize that there may be limitations to the number of FTEs that can be added at this time.	Management agrees that the addition of FTEs to cover core functions would result in savings, as well as in internal retention of mission-critical systems knowledge, and to that end IT has embarked on a process to hire several key additional FTEs roles, including: <ul style="list-style-type: none"> <li>• Web Infrastructure Administrator</li> <li>• SAP Team Lead – HR/Payroll/Benefits</li> <li>• SAP Team Lead – Supply Chain</li> <li>• SAP Team Lead – Business Intelligence</li> <li>• SAP Team Lead – Financials</li> <li>• IT Technology Support Consultant – Staff</li> <li>• Digital Media Administrator</li> <li>• Application Administrator – Specialist</li> <li>• Administrative Assistant 3 (SAP Solution Center)</li> <li>• Web Developer – Sr</li> <li>• Resource Area Consultant (For Operations &amp; Maintenance)</li> <li>• Applications Developer – Documentum</li> </ul> Other potential roles have been identified. Management recognizes that there are limits to the number of FTEs that can be added at this time.
08-09	2	Review of Internal Controls Over Fuel Inventory	Partially Implemented	Partially Implemented	9/30/2009	9/30/2013	Implement physical security measures that were identified by Emergency/Security Management.	Fencing repairs will be done in FY2010. New fences will be deferred to future years due to FY2010 budget constraints. For security systems, we will coordinate with Security Management to have them budget for these systems in future years.	The fencing for the north shore pump station (i.e. 127, 129, 131, 133, 193) has been added to the trash rake projects at each of the site and all construction will be completed by the end of FY13.
08-12	3	Review of the GEPS Services Contracts (2008)	Partially Implemented	Partially Implemented	11/1/2010	9/30/2011	Consider seeking authorization for additional staff positions in order to replace higher cost contractor workers, that are performing on-going activities, with employees.	Management concurs with this recommendation; however, the addition of Full Time Employees (FTEs) to the District's authorized staffing levels is being coordinated between the Executive Office and the Governor's Office.	18 ERCP contractor conversion FTEs have been filled. One position remains open for recruitment. Final savings to be determined when all positions are filled.

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Due Date		Recommendation	Management Response	Current Period Comments Regarding Status
					Original	Revised			
09-02	1	Audit of Compliance with Lake Okeechobee Protection Act	In Process	Implemented	1/31/2011	1/31/2011	Carefully analyze the reasons why an updated Lake Okeechobee Protection Plan Evaluation Report for 2010 may not be necessary. If it is determined that a reevaluation is not necessary then request approval from the legislature not to submit the Lake Okeechobee Protection Plan Evaluation Report for 2010.	The amendments to the 2007 legislature created the Northern Everglades Protection Program which required an update to the Lake Okeechobee plan in 2008. Recognizing the report is due tri-annually, staff is working on the 2011 Update for the Northern Everglades and Estuaries Protection Plan.	Complete. Staff presented the draft protection plan to the Governing Board at the December 2010 meeting. The final plan will be presented at the February 2011 meeting, and forwarded to the Legislator for the 2011 session.
09-02	2	Audit of Compliance with Lake Okeechobee Protection Act	In Process	Implemented	1/31/2011	1/31/2011	Alert senior management about the potential issues that could delay reducing the phosphorus load to 140 metric tons per year prior to the January 1, 2015 legislative mandate.	This action is in progress	Complete. Staff presented the draft protection plan to the Governing Board at the December 2010 meeting. The final plan will be presented at the February 2011 meeting, and forwarded to the Legislator for the 2011 session.
09-04	1	Audit of the Vegetation Management Program	In Process	Implemented	1/1/2011	1/1/2011	Establish an inventory reordering system that reduces the number of days of on-hand herbicide inventory levels closer to the mandatory 7-day delivery time frame.	Agree. The Vegetation and STA Management Division will work closely with each field station to develop and implement an herbicide inventory process that will accommodate the needs of all Field Stations. We are recommending keeping the inventory levels at 30 days. This will allow for unforeseen schedule changes between the time herbicides are purchased and the time of application.	The Vegetation Management Division recently visited the District's eight field stations and discussed procedures for reducing the length of time which herbicides are stored. At the same time policies and procedures were reviewed regarding the ordering and issuing of herbicides to in-house staff and contractors. Management Division has determined a 30 day herbicide inventory is needed for on-hand chemical storage. The principal factor which has led us to this policy is the unforeseen weather events which impact our system with an influx of floating plants. There have also been isolated instances where the herbicide vendors have not been able to meet the 7 day delivery requirement. To date all Field Stations have reduced their on-hand inventories to 30 days or less.

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Due Date		Recommendation	Management Response	Current Period Comments Regarding Status
					Original	Revised			
09-04	2	Audit of the Vegetation Management Program	In Process	In Process	1/31/2011	1/31/2012	Establish performance measurements that better communicate the department's success in meeting programmatic goals and objectives.	Agree. The Vegetation Management and STA Division has been working on revising the Division's performance measures to better align with our current annual work plan and processes. Improved performance measures will better communicate if we are meeting the programmatic goals and objectives of the Department.	The Vegetation Management Division has reviewed existing performance measures for exotic plant control and considered alternatives that better measure successes. The Division currently measures performance on exotic plant control based on numbers of acres treated. As the draft audit correctly indicates, this measure does not necessarily determine if the Strategic Plan Success Indicator—reaching maintenance control—is reached. The Division has considered several alternatives and is moving forward with two modifications to assessment and reporting protocols. First, the Division is working to better align performance measures and success indicators with those of the Land Stewardship Division. Second, the Vegetation Management Division is implementing a region-wide invasive plant assessment protocol for District-managed lands. This change will be accomplished as part of O&M's FY12 annual work plan.
09-07	1	Audit of SCADA Implementation and Operations	Partially Implemented	Partially Implemented	3/31/2011	3/31/2011	Consider hiring full time employees to perform SCADA work that is considered permanent and ongoing.	Management concurs with recommendation. SCADA staff developed a staffing analysis that showed a need for 25 FTEs to replace site installation contractors with a cost savings of \$1 million per year once implemented. The FY09 budget included authorization to hire 10 staff to replace contractors. This was part one of a multi-year proposed replacement of contractors with FTEs for long-term ongoing core work efforts. No new positions were included in the FY10 budget. Staff is reviewing the contractor transition plan and will propose additional FTEs in FY11. Until the transition is complete, the District will have to continue to rely upon some level of contracting to provide SCADA installation and maintenance/repair services.	O&M requested 10 new positions in FY11 to bring SCADA maintenance activities in-house. The positions are part of the "second wave" of new positions which the District is awaiting approval from the Governor to implement. In addition, two FTE's were requested and approved for maintenance of compartment B&C SCADA facilities. Two FTE's were approved for additional work associated with Compartments B and C. The 10 FTE request has not gone forward at this time. Dollars were converted to contract dollars and this will continue until further notice.

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Due Date		Recommendation	Management Response	Current Period Comments Regarding Status
					Original	Revised			
09-16	1	Audit of the District's Integrated Real Estate Information System (IRIS)	In Process	Implemented	9/1/2010	9/1/2010	Consider a single Business Intelligence System for District reporting and create skill sets around Information Technology and end users based on Governing Board/Information Technology governance strategy. This includes considering hiring full time employees (FTE's) for Information Technology positions with skill sets based around the strategy.	SAP Business Intelligence and Oracle Discoverer are both necessary business needs in support of different reporting requirements requiring a different set of capabilities. Information Technology will continue to implement business solutions in accordance with the Tools and Technology Standards. The IRIS reporting tool (Oracle Discoverer) can be found on the Information Technology Steering Committee's approved list of tools and technologies.	Recommendation Implemented at time of final report issuance.
09-16	2	Audit of the District's Integrated Real Estate Information System (IRIS)	In Process	Implemented	9/1/2010	9/1/2010	Develop a business case before implementing any additional phases and have a clear scope for each phase.	Information Technology will ensure all future project request will include the appropriate project documentation in accordance with Information Technology Policies and Standards for project management. This documentation includes, as appropriate, a business case prepared by Land Acquisition.	Recommendation Implemented at time of final report issuance.
09-16	3	Audit of the District's Integrated Real Estate Information System (IRIS)	In Process	Implemented	12/31/2010	12/31/2010	Ensure no modifications are made to the Data Warehouse and adequate access controls are in place.	The system of record for the land acquisition financial transitions is SAP. The IRIS Financial Enrichment component is essentially a process that extracts this data from SAP and stores it in the IRIS data warehouse. The IRIS Financial Enrichment component preserves the integrity of the SAP financial transaction as it populates the IRIS data warehouse with this transaction plus additional information.	The IRIS Financial Enrichment Project (Project Systems #100251) went into production on January 25, 2011. In accordance with the management response this project ensured the integrity of the SAP financial transactions.
09-16	4	Audit of the District's Integrated Real Estate Information System (IRIS)	In Process	Implemented	9/30/2011	9/30/2011	Consider hiring full time employees or use existing Information Technology staff for system administrator roles to help reduce risks of access controls.	We agree that transferring the knowledge to FTEs would make our staffing model more stable. We recognize that there may be limitations to the number of FTEs that can be added at this time. The Executive Office, the Budget Division and the IT Department would be responsible for identifying the key positions and approaching the Governor's budget office and our Governing Board for authorization for new FTE positions.	On November 4, 2010, the IT Department converted the IRIS Support contractor position to a full time employee with the approval of the Executive Office and the Governor's Office.

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Due Date		Recommendation	Management Response	Current Period Comments Regarding Status
					Original	Revised			
09-16	5	Audit of the District's Integrated Real Estate Information System (IRIS)	In Process	Implemented	9/1/2010	9/1/2010	Create a standard change control process for new users, access, and termination of users.	Since the time this audit took place the Information Technology department has created and implemented IRIS User Management procedures for adding and terminating users.	Recommendation Implemented at time of final report issuance.
09-16	6	Audit of the District's Integrated Real Estate Information System (IRIS)	In Process	Implemented	9/1/2010	9/1/2010	Perform a cost benefit analysis comparison between the cost of outsourcing the system hosting to the cost of supporting the system in-house.	In support of the FY11 budget process Information Technology produced a cost benefit analysis comparison and submitted a project request.	Recommendation Implemented at time of final report issuance.
09-16	7	Audit of the District's Integrated Real Estate Information System (IRIS)	In Process	Implemented	9/1/2010	9/1/2010	The Data Owner should partner with other departments to help change business processes to ensure quality of the data once it is in the warehouse.	A cross functional team consisting of Land Acquisition, Accounting and Information Technology has been created to insure data quality. This group meets every two months to identify and resolve data quality issues by modifying processes.	Recommendation Implemented at time of final report issuance.
09-16	8	Audit of the District's Integrated Real Estate Information System (IRIS)	In Process	Implemented	10/1/2010	10/1/2010	Perform project monitoring and oversight on a timely basis ensuring project and business goal alignment through Project Sponsor driven Steering Committee meetings.	Management concurs. Steering Committee meetings will be initially scheduled on a quarterly basis to include upper management representatives from Land Acquisition, Information Technology, and Executive Office, Budget Division, plus key members of the IRIS process team. Meetings will review status of system processes, updates, enhancements, etc., and provide guidance to the process team.	Project oversight will be provided through the quarterly IRIS Steering Committee meetings. Land Acquisition management is committed to this oversight responsibility and the first meeting is scheduled for February 2, 2011.
09-16	9	Audit of the District's Integrated Real Estate Information System (IRIS)	In Process	Implemented	9/30/2011	9/30/2011	Run ATLAS for read only access and discontinue entering information into this system. After the Governing Board has approved all phases of the IRIS Project, ATLAS needs to be retired.	The ATLAS application is being used to support Right of Way and Release of Reservations functionality, functions not available in IRIS. Consequently, this application needs to be supported until a replacement is found that provides this functionality.	The Atlas application will be used to support Right of Way and Release of Reservations functionality indefinitely. As a support organization IT will support this application for it's customers as directed by Governing Board priorities.

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Due Date		Recommendation	Management Response	Current Period Comments Regarding Status
					Original	Revised			
09-16	10	Audit of the District's Integrated Real Estate Information System (IRIS)	In Process	Implemented	9/30/2011	9/30/2011	Develop a post-implementation plan that includes partnering with Information Technology for knowledge transfer and additional Information Technology FTE's after the Governing Board has approved all phases of the IRIS Project.	We agree that transferring the knowledge to FTEs would make our post-implementation model more stable. We recognize that there may be limitations to the number of FTEs that can be added at this time. The Executive Office, the Budget Division and the IT Department would be responsible for identifying the key positions and approaching the Governor's budget office and our Governing Board for authorization for new FTE positions.	On November 4, 2010, the IT Department converted the IRIS Support contractor position to a full time employee with the approval of the Executive Office and the Governor's Office.
09-23	1	Audit of the SAP Solutions Center	In Process	Partially Implemented	9/30/2013	9/30/2013	Consider hiring full time employees for SAP Solution Center positions considered permanent and ongoing.	Management agrees.	The first phase of contractor to FTE conversions currently in process as of 12/31/10. 6 initial SSC positions approved by Board/Management (2 Financials, 2 BW, 1 HR/Payroll/Benefits, 1 Supply Chain). Actively recruiting & interviewing both internally & externally for 4 of 6 positions (i.e. 4 Team Lead positions will be recruited first, then two remaining positions will be recruited).
09-23	2	Audit of the SAP Solutions Center	In Process	Implemented	8/6/2010	8/6/2010	Eliminate consultants from having Team Lead positions within the SAP Solution Center by creating a plan for knowledge transfer from the existing consultants.	By 8/6/10 District employees will lead all three critical areas of the project: technical, functional and overall project management.	Functional areas were consolidated in SAP Solution Center (SSC) to reflect best practices (i.e. Supply Chain, Financials, HR/Payroll/Benefits, ABAP, & Basis/Security/Portal). All functional Team Lead positions (whether interim or not) in SSC now held exclusively by employees. Employee Team Leads attend weekly SSC Lead meeting. Transition was smooth and without negative impact to SSC.
09-23	3	Audit of the SAP Solutions Center	In Process	Partially Implemented	12/31/2010	3/31/2011	Develop a three year SAP Strategic Plan for maintenance that flows logically into the District Business Strategic Plan.	Management agrees.	Initial three year SAP Strategic Plan developed by SAP Solutions Center (SSC). SAP Solutions Center plan currently being incorporated into IT Strategic Plan as part of District Strategic Plan. SSC plan will be finalized when District Strategic Plan is formally approved.



Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Due Date		Recommendation	Management Response	Current Period Comments Regarding Status
					Original	Revised			
09-23	4	Audit of the SAP Solutions Center	In Process	In Process	9/30/2013	9/30/2013	Use benchmarking and industry standards to determine appropriate staffing levels and expenditures. This should include partnering with Information Technology for knowledge transfer and additional FTE's.	Management agrees.	Based on SAP Solutions Center (SSC) findings and post-audit bench-marking, SSC verified that current resource levels are at or below headcount levels needed to adequately support Solutions Center. Solutions Center will benchmark itself each year to verify that support levels continue to be in line with industry standards.  Where possible, considering such factors as Separation of Duty and System controls, the Solutions Center will utilize District resources with adequate SAP knowledge to assist with SAP support within the Solutions Center.
09-23	5	Audit of the SAP Solutions Center	In Process	Implemented	12/31/2010	12/31/2010	Renegotiate current SAP consulting rates from implementation rates down to maintenance rates.	Management concurs and steps are being taken to gain rate reductions from existing vendors.	Through a vendor rate reduction exercise the Solutions Center realized hourly rate reductions totaling more than \$915,000 in annual savings on existing contractors. This amount represented more than a 17% reduction of \$5million+ in annual ongoing contractor spending. Savings used to fund previously unbudgeted critical resource needs within the Solutions Center.
09-23	6	Audit of the SAP Solutions Center	In Process	In Process	3/15/2011	3/15/2011	Develop and keep a business case current since it is the key input to decisions made throughout the life of the project and to help the Project Sponsors assess whether project modifications and scope changes are adding business value.	Management concurs and will track and communicate return on investment (ROI).	For any new initiatives started post audit, the Solutions Center will comply with request.
09-23	7	Audit of the SAP Solutions Center	In Process	Implemented	3/15/2011	3/15/2011	Consider delaying the Public Budget Formulation (PBF) Project until a greater number of SAP Public Sector customers have successfully implemented the product.	Since over 85% of the budget for this project has already been invested in the project, management believes that continuing this project to completion is the right decision. Because this is a beta implementation, it is anticipated that additional training and support from SAP above what is afforded on a standard implementation will be made available.	Based on a cost vs benefit analysis, it was determined by Management that it is in the best interest of the District, from both a fiscal & process improvement standpoint, to continue the project. The project team is currently targeting a go-live date in the 1st quarter of FY 2012.

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Due Date		Recommendation	Management Response	Current Period Comments Regarding Status
					Original	Revised			
09-23	8	Audit of the SAP Solutions Center	In Process	Implemented	12/31/2010	12/31/2010	Simplify the SAP Solutions Center by using the value of an integrated standard SAP package software product that is already programmed with best practice business processes. Move back toward the original goal of redesigning District processes to fit SAP instead of customizing and programming SAP to fit District processes.	Management agrees and the original goal of not altering SAP code has been met.	The SAP Solutions Center is complying with this request and will continue to do so as part of normal business.
09-23	9	Audit of the SAP Solutions Center	In Process	Implemented	8/30/2010	8/30/2010	Conduct the Internal Controls Committee meetings on a timelier basis in order to help prioritize Project Sponsor's business goals and scope definition with the SAP Solution Center.	Management concurs.	Since the SAP Solutions Center Audit, Internal Controls Committee meetings have been held on a regular basis by the sponsoring business area. ICC meetings will continue to be held on a regular basis going forward.
09-23	10	Audit of the SAP Solutions Center	In Process	Implemented	12/31/2010	12/31/2010	Review all contractors quarterly, for which annual charges exceed \$200,000.	Management concurs.	This is an ongoing process which the SAP Solutions Center performs on a monthly basis. This practice will continue for the future.
09-23	11	Audit of the SAP Solutions Center	In Process	In Process	9/30/2013	9/30/2013	Plan for all contractors within the SAP Solutions Center to shadow a full time employee and to roll off after a maximum of two years of service.	Management concurs with the spirit of this recommendation. Converting contract support to FTEs where appropriate and cost effective will be pursued. For certain specialized functions, or short term needs contractual support will likely continue to be needed into the future.	SAP Solutions Center (SSC) is complying with this request within current resource mix. Initial Contractor-to-FTE conversion exercise involving six positions will enable the SSC to comply with this request to a significant degree. Going forward, contractors can only be rolled off if an equivalent FTE resource exists or if a new FTE position has been approved. Contractor/FTE mix is required to provide satisfactory SAP support to the District.
09-23	12	Audit of the SAP Solutions Center	In Process	In Process	9/30/2013	9/30/2013	Roll the existing contractors off based on the current five year SAP contract and use the IT Department's Project Management Office (PMO) for project management instead of contractors. Bring the total resources down to between 5 to 9 consultants within a 9 month window.	Management again concurs with the spirit of this recommendation. Converting contract support to FTEs where appropriate and cost effective will be pursued. For certain specialized functions, or short term needs contractual support will likely continue to be needed into the future.	The Solutions Center (SSC) currently utilizes IT PMO office for two large cross functional initiatives. SSC will continue to leverage IT PMO on future projects as needed. SSC cannot comply with request to bring total contractor resources down to 5-9 contractors within a 9 month window without severely jeopardizing SAP support for the District. Contractors can only be reduced if a like skilled District FTE is in place to provide similar support. Reduction window is directly related to approved FTE positions in SSC.

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Due Date		Recommendation	Management Response	Current Period Comments Regarding Status
					Original	Revised			
09-23	13	Audit of the SAP Solutions Center	In Process	In Process	12/31/2010	3/31/2011	Develop clear business support and a plan prior to purchasing additional software products.	Management concurs.	SAP Solutions Center (SSC) will comply with this request when new software/functionality of material value is considered for purchase in the future. Note that short-term plan of SSC is to maximize use of existing functionality rather than purchase additional functionality for foreseeable future.
09-23	14	Audit of the SAP Solutions Center	In Process	Implemented	10/31/2010	10/31/2010	Renegotiate maintenance fees back to 18% with SAP.	Management has already scheduled meetings with the vendor to discuss license and maintenance fees.	Per discussions with SAP, there is no flexibility with regards to maintenance fees. Based on post audit benchmarking, SAP maintenance fees that the District pays seem to be in line with other North American public entities with a similar SAP environment, life cycle, & level of service (i.e. maintenance fee %'s tend to ramp up over time with initial year being lower than future years – this is normal for SAP contracts). The District, however, will continue to apply pressure on SAP in an attempt to reduce maintenance fees & other costs where possible.
09-23	15	Audit of the SAP Solutions Center	In Process	Implemented	9/29/2010	9/29/2010	Partner with the data owners of the business departments to help change business processes to ensure quality of the master data. This drives the integration within SAP and poor master data negatively impacts the overall integrity of the system.	Management concurs with the fact that Master Data integrity is important. Management will work with various business units to provide guidance and supply business with tools for any mass master data changes. Since business units own master data, the initiative must start with them.	Recommendation Implemented at time of final report issuance.
09-28	1	Audit of Operations and Maintenance's Inventory Processes and Procedures	In Process	Implemented	9/30/2010	9/30/2010	Ensure that the Clewiston and St. Cloud Field Stations' inventory records are updated to reflect those materials, observed by the Accounting Division, that were not included in inventory.	Clewiston Field Station's inventory was appropriately counted and documented. The parts and materials observed by accounting staff were pump station parts that had been expensed and were not part of the inventory. More than 4 years ago Accounting had requested that O&M reduce the inventory, and the parts observed were some of those that had been expensed. Presently we are bringing these items back into inventory with the partnership of Procurement and Accounting. In the St. Cloud Field Station, all of the materials have been received into inventory.	This was completed on 9/30/2010.

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Due Date		Recommendation	Management Response	Current Period Comments Regarding Status
					Original	Revised			
09-28	2	Audit of Operations and Maintenance's Inventory Processes and Procedures	In Process	Implemented	9/30/2011	9/30/2011	Develop and implement written guidelines detailing what items should be included in inventory. Guidelines should address materiality of items to be included as inventory. Further, ensure that field station staff have a clear understanding of the guidelines and consider monitoring compliance periodically.	Operations and Maintenance is currently working on guidelines detailing what should be included in inventory. As part of these guidelines, staff is researching establishment of a benchmark for value for what should be included as inventory.	All pump station parts that are above a \$35 dollar value are being inventoried.
09-28	3	Audit of Operations and Maintenance's Inventory Processes and Procedures	In Process	Implemented	3/30/2011	3/30/2011	Perform inventory turnover analyses on a routine basis and take appropriate action to address overstocked and obsolete items.	This process is currently done manually. Each group with inventory is currently responsible to appropriately scrap any obsolete items according to the established process. Storekeepers and Electronic Logistic Techs are responsible for monitoring inventory and communicating to their management when inventory has been in the warehouse for a long period of time, and seek guidance on appropriate disposition. Staff will review the existing inventory SOP's and, in conjunction with accounting and industry standards, will set some benchmarks and reporting to guide this review. Some spare parts are long lead time items and are kept because some of our engine manufactures do not produce these parts any longer. At present we are also looking into the capabilities of the Material Requirements Planning in SAP to help us build and track min max level per field station needs. Once Material Requirements Planning is implemented this will be done more efficiently and effectively.	Annually the Division Director and storekeeper or logistic tech are responsible for addressing any overstock in each area and distribute to other areas that might need this particular material. Also all obsolete items are to be eliminated out of inventory and disposed of properly as per the SOP.

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Due Date		Recommendation	Management Response	Current Period Comments Regarding Status
					Original	Revised			
09-28	4	Audit of Operations and Maintenance's Inventory Processes and Procedures	In Process	Implemented	9/30/2010	9/30/2010	Instruct field station staff to utilize SAP to check District-wide inventory before procuring materials not used frequently.	This process has been started and storekeepers have been instructed to use SAP to inquire regarding available quantities across storage and field station locations, and transfer parts across field stations when necessary. During our next Storekeeper meeting this topic will be re-emphasized, and our standard operating procedure for inventory will be updated as needed.	All areas have been informed to check the SAP system before ordering to assure that they are not overstocking in their warehouses.
10-01	1	Audit of the District's Land Acquisition and Management Processes	In Process	Implemented	1/31/2011	1/31/2011	Align Land Acquisition Program staffing needs with the anticipated work plan.	Agree.	Complete. Staffing of the Real Estate Department was reduced by three closing specialists and one appraiser. Additionally a project manager and three administrative assistants were redirected to a resource area of higher need. The organizational changes were announced on October 18, 2010 with official implementation on January 26, 2011.
10-01	2	Audit of the District's Land Acquisition and Management Processes	In Process	Implemented	9/1/2010	9/1/2010	Consider establishing a designated reserve for probable inverse condemnation losses.	The Budget Office has established a reserve that may be used for inverse condemnations.	Recommendation Implemented at time of final report issuance.
10-01	3	Audit of the District's Land Acquisition and Management Processes	In Process	Implemented	9/1/2010	9/1/2010	Complete a surplus land policy that establishes criteria to identify surplus properties.	Agree. A surplus land process was approved by the WRAC, the Projects and Land Committee and the Governing Board.	Recommendation Implemented at time of final report issuance.
10-01	4	Audit of the District's Land Acquisition and Management Processes	In Process	Implemented	1/31/2011	1/31/2011	Management should reassess staffing needs regarding the review appraisal function.	Agree	Complete. The review appraisal function was reduced to one appraiser.
10-01	5	Audit of the District's Land Acquisition and Management Processes	In Process	Implemented	3/31/2011	3/31/2011	Separate the appraisal process from the land acquisition process.	Agree. ERCP Business Services will recommend an alternative.	Complete. The appraisal function was redirected to Corporate Resources to ensure that there is separation between the land acquisition process and the appraisal process.
10-01	6	Audit of the District's Land Acquisition and Management Processes	In Process	Implemented	3/31/2011	3/31/2011	Compete appraisal services except in rare circumstances. Document reasons for sole sourcing appraisal services.	Agree.	Complete. This practice has been implemented.

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Due Date		Recommendation	Management Response	Current Period Comments Regarding Status
					Original	Revised			
10-01	7	Audit of the District's Land Acquisition and Management Processes	In Process	In Process	3/31/2011	4/30/2011	Establish a Land Oversight Committee to oversee the acquisition and appraisal processes.	Agree.	Staff will present the scope of the Land Oversight Committee and the role of the Project and lands Committee to the Governing Board.
10-01	8	Audit of the District's Land Acquisition and Management Processes	In Process	Implemented	3/31/2011	3/31/2011	Adopt the recommendations made in the Palm Beach County investigative report in regards to discontinuing the use of extraordinary/hypothetical assumptions in the appraisal process and follow Section 373.139(3)(a), Florida Statutes, regarding appraisal disclosure to the public.	Hypothetical assumptions have never been allowed in appraisal assignments for the District. However, the use of extraordinary assumptions will on occasion be necessary. For example, if the appraisal must be initiated prior to a determination that an environmental assessment may be required, an appraisal would likely require an extraordinary assumption that the property does not contain excessive environmental contaminations. As an alternative to complete discontinuation, it is recommended that the Real Estate Department first must receive review approval from the Deputy Executive Director and/or the Real Estate Team before an extraordinary exception is written into an appraisal request. This will ensure that management is fully aware of the circumstances and the negotiator has not influenced the process.	Staff has implemented these practices.
10-01	9	Audit of the District's Land Acquisition and Management Processes	In Process	In Process	3/31/2011	3/31/2011	Scrub and/or re-solicit the District's approved appraiser listing every two years.	Agree. However, it is recommended that the list be approved every three years with potential for renewals. This is consistent with Procurement standards.	On schedule. Staff has developed the criteria / appraisal expertise categories in conjunction with procurement and a solicitation for interested firms is anticipated to be sent out in early February with a final approval list in March.

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Due Date		Recommendation	Management Response	Current Period Comments Regarding Status
					Original	Revised			
10-14	1	Audit of Operations and Maintenance's Equipment Leasing	In Process	Implemented	9/30/2011	9/30/2011	Determine the optimal number of leased passenger vans needed and negotiate with Bancorp Bank DBA Jefferson Leasing the possibility of returning those vans that are not needed or swapping them for vehicles that would more efficiently utilized.	Management agrees with the audit finding and has taken steps to implement the recommendation. District staff have contacted the leasing company on several occasions with a proposal to swap two passenger vans for two minivans; however, the leasing company has not responded. The Procurement Department is now assisting to resolve this issue and have informed Fleet Management that the District is contractually bound unless the leasing company agrees to swap the vehicles.	After determining that two (2) is the optimum number of leased E150 Ford Vans, and that the District could use minivans in there place, Fleet Management contacted Bancorp DBA Jefferson Leasing requesting a swap of two of these vans for minivans. Bancorp has not responded to the Fleet Management's repeated requests or merely responded that the request was under consideration. It is obvious from Bancorp's lack of response that they are reluctant to make the switch. Despite the fact that the Fleet management was unable to negotiate a swap with Jefferson Leasing, Fleet Management has seen an increase in the utilization of the vans as a result of Human Resources employee orientation program. Fleet Management intends on leasing smaller minivans in April 2012 when the lease with Jefferson ends. These minivans will be more acceptable to the users because of their size, and also because they handle similarly to our sedans and SUVs.
10-14	2	Audit of Operations and Maintenance's Equipment Leasing	In Process	Implemented	7/31/2010	7/31/2010	Ensure that data used to analyze utilization levels are accurate and daily trip logs are completed as required.	Management agrees with the audit finding and recommendation. Fleet Management is now requiring that the motor pool attendant double check motor pool trip logs when vehicles are returned. Operators that fail to complete trip logs after trips will be notified in writing. In addition, District staff will be reviewing utilization spreadsheets daily and ensuring that trip logs are completed after each motor pool trip.	Data for utilization analysis are being validated against the trip log and in SAP for accuracy. The motor pool attendant is double checking all the trip logs when the Pool Vehicles are returned.

## Exhibit 4

### Status of Recommendations Not Fully Implemented

Audit No.	Audit Name		
Recommendation	Current Status	Auditor's Comment	
<b>06-19</b>	<b>Audit of the KRR Restoration Project In-Kind Credit Request Process</b>		
<p><b># 5</b> Determine the amount of unclaimed expenses incurred for environmental assessments and submit a claim for these expenses as construction costs.</p> <p>Original Due Date: 12/31/2007 Revised Due Date: 4/30/2011</p>	<p><b>Partially Implemented</b></p>	<p>Updated expenses were submitted to the Corps but additional information was requested. During the second reconciliation, staff discovered a discrepancy in the financial reports from the old financial system which resulted in additional crediting opportunities. While it was thought be corrected, there is an issue with payroll during the transition from the old financial system to SAP. These are being corrected.</p> <p>Auditor Update: 2/2/2011</p>	
<p><b># 10</b> Reconcile total expenditures charged to the KRR program per the District's financial system ("F" program code) to total expenditures claimed for in-kind credit (or will be claimed in the future under the established process.)</p> <p>Original Due Date: 12/31/2007 Revised Due Date: 4/30/2011</p>	<p><b>Partially Implemented</b></p>	<p>Updated expenses were submitted to the Corps but additional information was requested. During the second reconciliation, staff discovered a discrepancy in the financial reports from the old financial system which resulted in additional crediting opportunities. While it was thought be corrected, there is an issue with payroll during the transition from the old financial system to SAP. These are being corrected.</p> <p>Auditor Update: 2/2/2011</p>	
<b>07-36</b>	<b>Audit of the Information Technology Department</b>		
<p><b># 1</b> Consider hiring full time employees for IT positions considered permanent and ongoing.</p>	<p><b>Partially Implemented</b></p>	<p>Management agrees that the addition of FTEs to cover core functions would result in savings, as well as in internal retention of mission-critical systems knowledge, and to that end IT has embarked on a process to hire several key additional FTEs roles, including:</p> <ul style="list-style-type: none"> <li>• Web Infrastructure Administrator</li> <li>• SAP Team Lead – HR/Payroll/Benefits</li> <li>• SAP Team Lead – Supply Chain</li> <li>• SAP Team Lead – Business Intelligence</li> <li>• SAP Team Lead – Financials</li> <li>• IT Technology Support Consultant – Staff</li> <li>• Digital Media Administrator</li> <li>• Application Administrator – Specialist</li> <li>• Administrative Assistant 3 (SAP Solution Center)</li> <li>• Web Developer – Sr</li> <li>• Resource Area Consultant (For Operations &amp; Maintenance)</li> </ul>	



<b>Audit No.</b>	<b>Audit Name</b>
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<b>Recommendation</b>	<b>Current Status</b>	<b>Auditor's Comment</b>
Original Due Date: 10/30/2009 Revised Due Date: 9/30/2011		<ul style="list-style-type: none"> <li>• Applications Developer – Documentum</li> </ul> <p>Other potential roles have been identified. Management recognize that there are limits to the number of FTEs that can be added at this time.</p> <p>Auditor Update: 2/2/2011</p>

<b>08-09</b>	<b>Review of Internal Controls Over Fuel Inventory</b>
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<b>#2</b> Implement physical security measures that were identified by Emergency/Security Management.	<b>Partially Implemented</b>	The fencing for the north shore pump station (i.e. 127, 129, 131, 133, 193) has been added to the trash rake projects at each of the site and all construction will be completed by the end of FY13.
Original Due Date: 9/30/2009 Revised Due Date: 9/30/2013		Auditor Update: 2/2/2011

<b>08-12</b>	<b>Review of the GEPS Services Contracts</b>
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<b>#3</b> Consider seeking authorization for additional staff positions in order to replace higher cost contractor workers, that are performing on-going activities, with employees.	<b>Partially Implemented</b>	18 ERCP contractor conversion FTEs have been filled. One position remains open for recruitment. Final savings to be determined when all positions are filled.
Original Due Date: 1/1/2010 Revised Due Date: 3/31/2011		Auditor Update: 2/2/2011

<b>09-04</b>	<b>Audit of the Vegetation Management Program</b>
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<b>#2</b> Establish performance measurements that better communicate the department's success in meeting programmatic goals and objectives.	<b>In Process</b>	The Vegetation Management Division has reviewed existing performance measures for exotic plant control and considered alternatives that better measure successes. The Division currently measures performance on exotic plant control based on numbers of acres treated. As the draft audit correctly indicates, this measure does not necessarily determine if the Strategic Plan Success Indicator—reaching maintenance control—is reached. The Division has considered several alternatives and is moving forward with two modifications to assessment and reporting protocols. First, the Division is working to better align performance measures and success indicators with those of the Land Stewardship Division. Second, the Vegetation Management Division is implementing a region-wide invasive plant assessment protocol for District-managed lands. This change will be accomplished as part of O&M's FY12 annual work plan.
Original Due Date: 1/1/2011 Revised Due Date: 1/1/2012		Auditor Update: 2/2/2011

<b>Audit No.</b>	<b>Audit Name</b>
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<b>Recommendation</b>	<b>Current Status</b>	<b>Auditor's Comment</b>
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<b>09-07</b>	<b>Audit of SCADA Implementation and Operations</b>	
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<b>#1</b>	Consider hiring full time employees to perform SCADA work that is considered permanent and ongoing.	<b>Partially Implemented</b>	O&M requested 10 new positions in FY11 to bring SCADA maintenance activities in-house. The positions are part of the "second wave" of new positions which the District is awaiting approval from the Governor to implement. In addition, two FTE's were requested and approved for maintenance of compartment B&C SCADA facilities. Two FTE's were approved for additional work associated with Compartments B and C. The 10 FTE request has not gone forward at this time. Dollars were converted to contract dollars and this will continue until further notice.
	Original Due Date: 3/31/2011		Auditor Update: 2/2/2011
	Revised Due Date: 3/31/2011		

<b>09-23</b>	<b>Audit of the SAP Solutions Center</b>	
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<b>#1</b>	Consider hiring full time employees for SAP Solution Center positions considered permanent and ongoing.	<b>Partially Implemented</b>	The first phase of contractor to FTE conversions currently in process as of 12/31/10. 6 initial SSC positions approved by Board/Management (2 Financials, 2 BW, 1 HR/Payroll/Benefits, 1 Supply Chain). Actively recruiting & interviewing both internally & externally for 4 of 6 positions (i.e. 4 Team Lead positions will be recruited first, then two remaining positions will be recruited).
	Original Due Date: 9/30/2013		Auditor Update: 2/2/2011
	Revised Due Date: 9/30/2013		

<b>#3</b>	Develop a three year SAP Strategic Plan for maintenance that flows logically into the District Business Strategic Plan.	<b>Partially Implemented</b>	Initial three year SAP Strategic Plan developed by SAP Solutions Center (SSC). SAP Solutions Center plan currently being incorporated into IT Strategic Plan as part of District Strategic Plan. SSC plan will be finalized when District Strategic Plan is formally approved.
	Original Due Date: 12/31/2010		Auditor Update: 2/2/2011
	Revised Due Date: 3/31/2011		

<b>#4</b>	Use benchmarking and industry standards to determine appropriate staffing levels and expenditures. This should include partnering with Information Technology for knowledge transfer and additional FTE's.	<b>In Process</b>	Based on SAP Solutions Center (SSC) findings and post-audit bench-marking, SSC verified that current resource levels are at or below headcount levels needed to adequately support Solutions Center. Solutions Center will benchmark itself each year to verify that support levels continue to be in line with industry standards.
			Where possible, considering such factors as Separation of Duty and System controls, the Solutions Center will utilize District resources

<b>Audit No.</b>	<b>Audit Name</b>
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<b>Recommendation</b>	<b>Current Status</b>	<b>Auditor's Comment</b>
Original Due Date: 9/30/2013 Revised Due Date: 9/30/2013		with adequate SAP knowledge to assist with SAP support within the Solutions Center. Auditor Update: 2/2/2011
<b># 6</b> Develop and keep a business case current since it is the key input to decisions made throughout the life of the project and to help the Project Sponsors assess whether project modifications and scope changes are adding business value. Original Due Date: 3/15/2011 Revised Due Date: 3/15/2011	<b>In Process</b>	For any new initiatives started post audit, the Solutions Center will comply with request.  Auditor Update: 2/2/2011
<b># 11</b> Plan for all contractors within the SAP Solutions Center to shadow a full time employee and to roll off after a maximum of two years of service. Original Due Date: 9/30/2013 Revised Due Date: 9/30/2013	<b>In Process</b>	SAP Solutions Center (SSC) is complying with this request within current resource mix. Initial Contractor-to-FTE conversion exercise involving six positions will enable the SSC to comply with this request to a significant degree. Going forward, contractors can only be rolled off if an equivalent FTE resource exists or if a new FTE position has been approved. Contractor/FTE mix is required to provide satisfactory SAP support to the District. Auditor Update: 2/2/2011
<b># 12</b> Roll the existing contractors off based on the current five year SAP contract and use the IT Department's Project Management Office (PMO) for project management instead of contractors. Bring the total resources down to between 5 to 9 consultants within a 9 month window. Original Due Date: 9/30/2013 Revised Due Date: 9/30/2013	<b>In Process</b>	The Solutions Center (SSC) currently utilizes IT PMO office for two large cross functional initiatives. SSC will continue to leverage IT PMO on future projects as needed. SSC cannot comply with request to bring total contractor resources down to 5-9 contractors within a 9 month window without severely jeopardizing SAP support for the District. Contractors can only be reduced if a like skilled District FTE is in place to provide similar support. Reduction window is directly related to approved FTE positions in SSC. Auditor Update: 2/2/2011
<b># 13</b> Develop clear business support and a plan prior to purchasing additional software products. Original Due Date: 12/31/2010 Revised Due Date: 3/31/2011	<b>In Process</b>	SAP Solutions Center (SSC) will comply with this request when new software/functionality of material value is considered for purchase in the future. Note that short-term plan of SSC is to maximize use of existing functionality rather than purchase additional functionality for foreseeable future. Auditor Update: 2/2/2011

<b>Audit No.</b>	<b>Audit Name</b>
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<b>Recommendation</b>	<b>Current Status</b>	<b>Auditor's Comment</b>
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<b>10-01</b>	<b>Audit of the District's Land Acquisition and Management Processes</b>	
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**#7** Establish a Land Oversight Committee to oversee the acquisition and appraisal processes. **In Process** Staff will present the scope of the Land Oversight Committee and the role of the Project and lands Committee to the Governing Board.

Original Due Date: 3/31/2011

Auditor Update: 2/2/2011

Revised Due Date: 4/30/2011

**#9** Scrub and/or re-solicit the District's approved appraiser listing every two years. **In Process** On schedule. Staff has developed the criteria / appraisal expertise categories in conjunction with procurement and a solicitation for interested firms is anticipated to be sent out in early February with a final approval list in March.

Original Due Date: 3/31/2011

Auditor Update: 2/2/2011

Revised Due Date: 3/31/2011

APPENDIX 3

SOUTH FLORIDA WATER MANAGEMENT DISTRICT



**Audit Recommendations  
Follow-Up Report  
For the Period January 1, 2011  
Through March 31, 2011**

**Project #11-12**

**Prepared by  
Office of Inspector General**

**John W. Williams, Esq., Inspector General  
J. Timothy Beirnes, CPA, Director of Auditing**


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# SOUTH FLORIDA WATER MANAGEMENT DISTRICT

## Memorandum

**To:** Governing Board Members

**From:** John W. Williams, Esq., Inspector General  
Office of Inspector General 

**Date:** May 31, 2011

**Subject:** Audit Recommendations Follow-Up Report -  
For the Period January 1, 2011 Through March 31, 2011  
Project No. 11-12

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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 department/office.

Tim Beirnes, Director of Auditing, prepared this report. Should you have any questions concerning the enclosed report, please feel free to call me at (561) 682-6128.

C: Melissa Meeker  
Tommy Strowd

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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 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 period January 1, 2011 through March 31, 2011 (the "Reporting Period"). As shown in Exhibit 1, as of December 31, 2010 there were 16 recommendations that were not yet Fully Implemented, consisting of eight (8) that were In-Process and eight (8) that were Partially Implemented. Since then, 10 of these recommendations have been Fully Implemented.

During the Reporting Period, no recommendations were added from newly issued reports. There are currently six (6) recommendations that are In-Process of being implemented or have been Partially Implemented as of March 31, 2011.

There were no recommendations changed to the "No Longer Applicable" status during the current Reporting Period. 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.
- The policy, statute, or rule has changed.
- Change in strategic direction.



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No recommendations fell into the “Not Implemented” category for the current and the previous report.

Following is a brief description of the attached exhibits:

- **Exhibit 1:** This Exhibit 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:** This Exhibit 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:** This exhibit 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:** This exhibit is a report printed directly from our Access database that contains additional information.

**EXHIBIT 1**  
**Summary of Recommendations Status**  
As of March 31, 2011

	In	Partially	
<b>Prior Period Reports</b>	<b>Process</b>	<b>Implemented</b>	<b>Total</b>
Status Prior Period (December 31, 2010)	8	8	16
Implemented or Partially Implemented During Period	<u>(4)</u>	<u>(6)</u>	<u>(10)</u>
Remaining Recommendations to be Fully Implemented	<u>4</u>	<u>2</u>	<u>6</u>
<b>Reports Issued During Current Period</b>			
New Recommendations*	-	-	-
Implemented or Partially Implemented	<u>-</u>	<u>-</u>	<u>-</u>
Remaining Recommendations to be Fully Implemented	<u>-</u>	<u>-</u>	<u>-</u>
<b>Current Status</b>			
<b>Remaining Recommendations to be Fully Implemented</b>	<u><u>4</u></u>	<u><u>2</u></u>	<u><u>6</u></u>

\* Initial Status is set as "In-Process"

**EXHIBIT 2**  
**Audit Reports With Implementation of Recommendations in Progress**  
**As of March 31, 2011**

Audit No.	Audit Title	No. of Recs		In Process	Partially Implemented	No Longer Applicable	Implemented	
<b>Recommendations - Prior Period Reports</b>								
06-19	Audit of the KRR Restoration Project In-Kind Credit Request Process	10	Prior Period Status	0	2	0	8	Complete
			Change in Status	0	-2	0	2	
			Current Period Status	0	0	0	10	
07-36	Audit of the Information Technology Department	2	Prior Period Status	0	1	0	1	Complete
			Change in Status	0	-1	0	1	
			Current Period Status	0	0	0	2	
08-09	Review of Internal Controls Over Fuel Inventory	5	Initial Status	0	1	0	4	Open
			Change in Status	0	0	0	0	
			Current Period Status	0	1	0	4	
08-12	Review of the GEPS Services Contracts	3	Prior Period Status	0	1	0	2	Complete
			Change in Status	0	-1	0	1	
			Current Period Status	0	0	0	3	
09-04	Audit of the Vegetation Management Program	2	Initial Status	1	0	0	1	Open
			Change in Status	0	0	0	0	
			Current Period Status	1	0	0	1	
09-07	Audit of SCADA Impelmentation and Operations	6	Initial Status	0	1	0	5	Complete
			Change in Status	0	-1	0	1	
			Current Period Status	0	0	0	6	
09-23	Audit of the SAP Solutions Center	15	Initial Status	5	2	0	8	Open
			Change in Status	-2	-1	0	3	
			Current Period Status	3	1	0	11	
10-01	Audit of the District's Land Acquisition and Management Processes	9	Initial Status	2	0	0	7	Complete
			Change in Status	-2	0	0	2	
			Current Period Status	0	0	0	9	
<b>Recommendation - Report Issued During Current Period</b>								
	None							
<b>Recommendations - All Reports</b>								
	<b>TOTAL</b>	52	Prior/Initial Status	8	8	0	36	
			Change in Status	-4	-6	0	10	
			Status Current Period	4	2	0	46	
<b>Number of Recommendations Remaining to Be Fully Implemented</b>		<b>6</b>		<b>4</b>	<b>2</b>			

Prior Period = As of December 31, 2010

**EXHIBIT 3**  
**Detail of In-Process and Partially Implemented Audit Recommendations**  
As of March 31, 2011

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Due Date		Recommendation	Management Response	Current Period Comments Regarding Status
					Original	Revised			
06-19	5	Audit of the KRR Restoration Project In-Kind Credit Request Process	Partially Implemented	Implemented	12/31/2007	5/4/2011	Determine the amount of unclaimed expenses incurred for environmental assessments and submit a claim for these expenses as construction costs.	Each Critical Restoration Project is covered by a separate Project Cooperative Agreement, which outlines cost-sharing responsibilities for the project. Currently, there is no provision to balance the 50/50 cost-share across all of the projects. This sets up a situation where the USACE is required to request cash contributions for some projects and provide reimbursement for others. In the upcoming Water Resource Development Acts or Appropriation Bills, the District will attempt to get Congress to authorize the USACE to balance the 50/50 cost-share across all projects with the District. This would eliminate the need for cash contributions and reimbursements	Updated expenses were reconciled, corrected and submitted to the Corps on May 4, 2011.
06-19	10	Audit of the KRR Restoration Project In-Kind Credit Request Process	Partially Implemented	Implemented	12/31/2007	5/4/2011	Reconcile total expenditures charged to the KRR program per the District's financial system ("F" program code) to total expenditures claimed for in-kind credit (or will be claimed in the future under the established process.)	Agree. Watershed Management now uses P3E project management software for the Kissimmee River Restoration Project and updates are made monthly to reflect budget expenditures.	Expenses were reconciled, corrected and submitted to the Corps on May 4, 2011

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Due Date		Recommendation	Management Response	Current Period Comments Regarding Status
					Original	Revised			
07-36	1	Audit of the Information Technology Department	Partially Implemented	Implemented	10/30/2009	9/30/2011	Consider hiring full time employees for IT positions considered permanent and ongoing.	We agree that the addition of the 39 FTEs to cover core functions that are currently performed by contractors would result in a savings of approximately \$2.6 million dollars per year on an ongoing basis. We would prefer to have FTEs performing these core functions because we believe our staffing model would be more stable. We also recognize that there may be limitations to the number of FTEs that can be added at this time.	Management has implemented the recommendation to the maximum extent possible considering funding and budget constraints.
08-09	2	Review of Internal Controls Over Fuel Inventory	Partially Implemented	Partially Implemented	9/30/2009	9/30/2013	Implement physical security measures that were identified by Emergency/Security Management.	Fencing repairs will be done in FY2010. New fences will be deferred to future years due to FY2010 budget constraints. For security systems, we will coordinate with Security Management to have them budget for these systems in future years.	The fencing for the north shore pump station (i.e. 127, 129, 131, 133, and 193) has been added to the trash rake projects at each of the site and all construction will be completed by the end of FY13. If the schedule for the North Shore pump station projects extends beyond FY13, the Okeechobee FS will separately install fencing to provide the physical security for the fuel tanks at these stations.
08-12	3	Review of the GEPS Services Contracts (2008)	Partially Implemented	Implemented	11/1/2010	9/30/2011	Consider seeking authorization for additional staff positions in order to replace higher cost contractor workers, that are performing ongoing activities, with employees.	Management concurs with this recommendation; however, the addition of Full Time Employees (FTEs) to the District's authorized staffing levels is being coordinated between the Executive Office and the Governor's Office.	Management has implemented the recommendation to the maximum extent possible considering funding and budget constraints.

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Due Date		Recommendation	Management Response	Current Period Comments Regarding Status
					Original	Revised			
09-04	2	Audit of the Vegetation Management Program	In Process	In Process	1/31/2011	3/31/2012	Establish performance measurements that better communicate the department's success in meeting programmatic goals and objectives.	Agree. The Vegetation Management and STA Division has been working on revising the Division's performance measures to better align with our current annual work plan and processes. Improved performance measures will better communicate if we are meeting the programmatic goals and objectives of the Department.	The District identified two opportunities to improve the reporting process, 1) standardizing reporting protocols across all divisions involved in invasive exotic vegetation control and 2) implementing systematic, region-wide assessments to quantify success. To date, several milestones have been reached toward refining and implementing the proposed changes to reporting protocols, including an in-depth analysis of the District's exotic plant control process that has allowed District staff to clearly define and identify improvements for the exotic plant control process. Also, the reporting process for exotic plant control has been consolidated and standardized. Also, to directly measure the proportion of District lands that are at maintenance control for exotic invasive plants, staff has developed a region-wide invasive plant assessment protocol for District-managed lands. This protocol utilizes digital sketch mapping technology to quantify the extent of invasive plant populations in a cost-effective manner. The District currently utilizes this protocol to direct land managers to exotic plant infestations in the Greater Everglades region. This information is also used to confirm that the District has achieved maintenance control of priority invasive plants in Water Conservation Areas 2 & 3. Staff is working to identify funding within current budget levels to expand the use of this tool in order to gather this performance information for all District lands.

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Due Date		Recommendation	Management Response	Current Period Comments Regarding Status
					Original	Revised			
09-07	1	Audit of SCADA Implementation and Operations	Partially Implemented	Implemented	3/31/2011	3/31/2011	Consider hiring full time employees to perform SCADA work that is considered permanent and ongoing.	Management concurs with recommendation. SCADA staff developed a staffing analysis that showed a need for 25 FTEs to replace site installation contractors with a cost savings of \$1 million per year once implemented. The FY09 budget included authorization to hire 10 staff to replace contractors. This was part one of a multi-year proposed replacement of contractors with FTEs for long-term ongoing core work efforts. No new positions were included in the FY10 budget. Staff is reviewing the contractor transition plan and will propose additional FTEs in FY11. Until the transition is complete, the District will have to continue to rely upon some level of contracting to provide SCADA installation and maintenance/repair services.	Management has implemented the recommendation to the maximum extent possible considering funding and budget constraints.
09-23	1	Audit of the SAP Solutions Center	Partially Implemented	Implemented	9/30/2013	9/30/2013	Consider hiring full time employees for SAP Solution Center positions considered permanent and ongoing.	Management agrees.	Management has implemented the recommendation to the maximum extent possible considering funding and budget constraints.
09-23	3	Audit of the SAP Solutions Center	Partially Implemented	Partially Implemented	12/31/2010	3/31/2011	Develop a three year SAP Strategic Plan for maintenance that flows logically into the District Business Strategic Plan.	Management agrees.	Same status of prior period. Initial three year SAP Strategic Plan has been developed by SAP Solutions Center. SAP Solutions Center plan currently being incorporated into IT Strategic Plan as part of District Strategic Plan. SSC plan will be finalized when District Plan formally approved by Executive Office.

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Due Date		Recommendation	Management Response	Current Period Comments Regarding Status
					Original	Revised			
09-23	4	Audit of the SAP Solutions Center	In Process	In Process	9/30/2013	9/30/2013	Use benchmarking and industry standards to determine appropriate staffing levels and expenditures. This should include partnering with Information Technology for knowledge transfer and additional FTE's.	Management agrees.	Based on SAP Solutions Center findings and post-audit bench-marking, SSC strongly believes that current resource levels within the SSC are at or below headcount levels needed to adequately support Solutions Center activities. The Solutions Center continues to benchmark itself against other like public entities to verify that support levels continue to be in line with industry standards. Where possible & considering such factors as Separation of Duty (SOD) & SDLC process controls, SSC will utilize District resources with adequate SAP knowledge to assist with SAP support within the Solutions Center.
09-23	6	Audit of the SAP Solutions Center	In Process	Implemented	3/15/2011	3/15/2011	Develop and keep a business case current since it is the key input to decisions made throughout the life of the project and to help the Project Sponsors assess whether project modifications and scope changes are adding business value.	Management concurs and will track and communicate return on investment (ROI).	For any new initiatives started post audit, the Solutions Center will comply with request.
09-23	11	Audit of the SAP Solutions Center	In Process	In Process	9/30/2013	9/30/2013	Plan for all contractors within the SAP Solutions Center to shadow a full time employee and to roll off after a maximum of two years of service.	Management concurs with the spirit of this recommendation. Converting contract support to FTEs where appropriate and cost effective will be pursued. For certain specialized functions, or short term needs contractual support will likely continue to be needed into the future.	SAP Solutions Center is complying with this request within current resource mix. Note that initial Contractor-to-FTE conversion exercise involving six positions that would have enabled the SSC to comply with this request to a significant degree is currently on hold until Executive Office provides final direction on budget/personnel topics. Going forward, a mix of Contractor/FTEs mix is required to provide satisfactory SAP support to the District. This scenario will continue until further direction from the Executive Office.



Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Due Date		Recommendation	Management Response	Current Period Comments Regarding Status
					Original	Revised			
09-23	12	Audit of the SAP Solutions Center	In Process	In Process	9/30/2013	9/30/2013	Roll the existing contractors off based on the current five year SAP contract and use the IT Department's Project Management Office (PMO) for project management instead of contractors. Bring the total resources down to between 5 to 9 consultants within a 9 month window.	Management again concurs with the spirit of this recommendation. Converting contract support to FTEs where appropriate and cost effective will be pursued. For certain specialized functions, or short term needs contractual support will likely continue to be needed into the future.	SSC currently utilizes IT PMO office for two large cross functional initiatives. SSC will continue to leverage IT PMO on future projects as needed. SSC cannot comply at this time with request to bring total contractor resources down to 5-9 contractors within a 9 month window without severely jeopardizing SAP support for the District. Contractors can only be reduced if a like skilled District FTE is in place to provide similar support. Reduction window is directly related to approved FTE positions in SSC.
09-23	13	Audit of the SAP Solutions Center	In Process	Implemented	12/31/2010	3/31/2011	Develop clear business support and a plan prior to purchasing additional software products.	Management concurs.	SAP Solutions Center will comply with this request when new software/functionality of material value is considered for purchase in the future. Note that short-term plan of SSC is to maximize use of existing functionality rather than purchase additional functionality for foreseeable future.
10-01	7	Audit of the District's Land Acquisition and Management Processes	In Process	Implemented	3/31/2011	4/30/2011	Establish a Land Oversight Committee to oversee the acquisition and appraisal processes.	Agree.	Complete. Staff presented the scope of the Land Oversight Committee to the Governing Board Project and Lands Committee in April. Regular meetings of the committee have been established in advance of Governing Board meetings.
10-01	9	Audit of the District's Land Acquisition and Management Processes	In Process	Implemented	8/31/2011	3/31/2011	Scrub and/or re-solicit the District's approved appraiser listing every two years.	Agree. However, it is recommended that the list be approved every three years with potential for renewals. This is consistent with Procurement standards.	Procurement is in the process of soliciting the various categories of firms based on the Department of Environmental Protection list of approved appraisal firms.

## Exhibit 4

### Status of Recommendations Not Fully Implemented

Audit No.	Audit Name		
Recommendation	Current Status	Auditor's Comment	
<b>08-09</b>	<b>Review of Internal Controls Over Fuel Inventory</b>		
<p><b># 2</b> Implement physical security measures that were identified by Emergency/Security Management.</p> <p>Original Due Date: 9/30/2009</p> <p>Revised Due Date: 9/30/2013</p>	<p><b>Partially Implemented</b></p>	<p>The fencing for the north shore pump station (i.e. 127, 129, 131, 133, and 193) has been added to the trash rake projects at each of the site and all construction will be completed by the end of FY13. If the schedule for the North Shore pump station projects extends beyond FY13, the Okeechobee FS will separately install fencing to provide the physical security for the fuel tanks at these stations.</p> <p>Auditor Update: 5/25/2011</p>	
<b>09-04</b>	<b>Audit of the Vegetation Management Program</b>		
<p><b># 2</b> Establish performance measurements that better communicate the department's success in meeting programmatic goals and objectives.</p> <p>Original Due Date: 1/1/2011</p>	<p><b>In Process</b></p>	<p>The District identified two opportunities to improve the reporting process, 1) standardizing reporting protocols across all divisions involved in invasive exotic vegetation control and 2) implementing systematic, region-wide assessments to quantify success. To date, several milestones have been reached toward refining and implementing the proposed changes to reporting protocols, including an in-depth analysis of the District's exotic plant control process that has allowed District staff to clearly define and identify improvements for the exotic plant control process. Also, the reporting process for exotic plant control has been consolidated and standardized. Also, to directly measure the proportion of District lands that are at maintenance control for exotic invasive plants, staff has developed a region-wide invasive plant assessment protocol for District-managed lands. This protocol utilizes digital sketch mapping technology to quantify the extent of invasive plant populations in a cost-effective manner. The District currently utilizes this protocol to direct land managers to exotic plant infestations in the Greater Everglades region. This information is also used to confirm that the District has achieved maintenance control of priority invasive plants in Water Conservation Areas 2 &amp; 3. Staff is working to identify funding within current budget levels to expand the use of this tool in order to gather this performance information for all District lands.</p> <p>Auditor Update: 2/2/2011</p>	

<b>Audit No.</b>	<b>Audit Name</b>
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<b>Recommendation</b>	<b>Current Status</b>	<b>Auditor's Comment</b>
Revised Due Date: 1/1/2012		
<b>09-23</b>	<b>Audit of the SAP Solutions Center</b>	
<b># 3</b> Develop a three year SAP Strategic Plan for maintenance that flows logically into the District Business Strategic Plan.	<b>Partially Implemented</b>	Initial three year SAP Strategic Plan has been developed by SAP Solutions Center. SAP Solutions Center plan currently being incorporated into IT Strategic Plan as part of District Strategic Plan. SSC plan will be finalized when District Plan formally approved by Executive Office.
Original Due Date: 12/31/2010		Auditor Update: 5/25/2011
Revised Due Date: 3/31/2011		
<b># 4</b> Use benchmarking and industry standards to determine appropriate staffing levels and expenditures. This should include partnering with Information Technology for knowledge transfer and additional FTE's.	<b>In Process</b>	Based on SAP Solutions Center findings and post-audit bench-marking, SSC strongly believes that current resource levels within the SSC are at or below headcount levels needed to adequately support Solutions Center activities. The Solutions Center continues to benchmark itself against other like public entities to verify that support levels continue to be in line with industry standards.  Where possible & considering such factors as Separation of Duty (SOD) & SDLC process controls, SSC will utilize District resources with adequate SAP knowledge to assist with SAP support within the Solutions Center.
Original Due Date: 9/30/2013		Auditor Update: 2/2/2011
Revised Due Date: 9/30/2013		
<b># 11</b> Plan for all contractors within the SAP Solutions Center to shadow a full time employee and to roll off after a maximum of two years of service.	<b>In Process</b>	SAP Solutions Center is complying with this request within current resource mix. Note that initial Contractor-to-FTE conversion exercise involving six positions that would have enabled the SSC to comply with this request to a significant degree is currently on hold until Executive Office provides final direction on budget/personnel topics. Going forward, a mix of Contractor/FTEs mix is required to provide satisfactory SAP support to the District. This scenario will continue until further direction from the Executive Office.
Original Due Date: 9/30/2013		Auditor Update: 5/25/2011
Revised Due Date: 9/30/2013		
<b># 12</b> Roll the existing contractors off based on the current five year SAP contract and use the IT Department's Project Management Office (PMO) for project management instead of contractors. Bring the total resources down to between 5 to 9 consultants within a 9 month	<b>In Process</b>	SSC currently utilizes IT PMO office for two large cross functional initiatives. SSC will continue to leverage IT PMO on future projects as needed. SSC cannot comply at this time with request to bring total contractor resources down to 5-9 contractors within a 9 month

<b>Audit No.</b>	<b>Audit Name</b>
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<b>Recommendation</b>	<b>Current Status</b>	<b>Auditor's Comment</b>
<p>window.</p> <p>Original Due Date: 9/30/2013</p> <p>Revised Due Date: 9/30/2013</p>		<p>window without severely jeopardizing SAP support for the District. Contractors can only be reduced if a like skilled District FTE is in place to provide similar support. Reduction window is directly related to approved FTE positions in SSC.</p> <p>Auditor Update: 5/25/2011</p>

APPENDIX 4

SOUTH FLORIDA WATER MANAGEMENT DISTRICT



**Audit Recommendations  
Follow-Up Report  
For the Period April 1, 2011  
Through June 30, 2011**

**Project #11-18**

**Prepared by  
Office of Inspector General**

**Daniel J. Soaker, CPA, Interim Inspector General  
J. Timothy Beirnes, CPA, Director of Auditing  
Ann E. Haga, Executive Assistant**

**[sfwmd.gov](http://sfwmd.gov)**



# SOUTH FLORIDA WATER MANAGEMENT DISTRICT

## Memorandum

**To:** Governing Board Members

**From:** Daniel J. Sooker, CPA, Interim Inspector General  
Office of Inspector General

**Date:** August 3, 2011

**Subject:** Audit Recommendations Follow-Up Report -  
For the Period April 1, 2011 Through June 30, 2011  
Project No. 11-18

A handwritten signature in black ink, appearing to read "Daniel Sooker", is positioned to the right of the "From:" field.

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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 department/office.

Tim Beirnes, Director of Auditing, and Ann Haga, Executive Assistant, prepared this report. Should you have any questions concerning the enclosed report, please feel free to call me at (561) 682-6219.

C: Melissa Meeker  
Tommy Strowd

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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 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 period April 1, 2011 through June 30, 2011 (the "Reporting Period"). As shown in Exhibit 1, as of March 31, 2011 there were 6 recommendations that were not yet Fully Implemented, consisting of four (4) that were In-Process and two (2) that were Partially Implemented. The status of these recommendations remains the same as the previous period although progress has been made towards implementation as shown in Exhibit 3 under "Current Period Comments Regarding Status" column.

During the Reporting Period, 13 recommendations were added from two (2) newly issued reports. As of June 30, 2010, two (2) of these recommendations have been Partially Implemented and ten (10) have been Fully Implemented. In total from all reports, there are currently nine (9) recommendations that are In-Process of being implemented or have been Partially Implemented as of June 30, 2010.



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There were no recommendations changed to the “No Longer Applicable” status during the current Reporting Period. 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.
- The policy, statute, or rule has changed.
- Change in strategic direction.

No recommendations fell into the “Not Implemented” category for the current and the previous report.

Following is a brief description of the attached exhibits:

- **Exhibit 1:** This Exhibit 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:** This Exhibit 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:** This exhibit 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:** This exhibit is a report printed directly from our Access database that contains additional information.

**EXHIBIT 1**  
**Summary of Recommendations Status**

As of June 30, 2011

	In	Partially	
<b>Prior Period Reports</b>	<b>Process</b>	<b>Implemented</b>	<b>Total</b>
Status Prior Period (December 31, 2010)	4	2	6
Implemented or Partially Implemented During Period	-	-	-
Remaining Recommendations to be Fully Implemented	4	2	6
<b>Reports Issued During Current Period</b>			
New Recommendations*	13	-	13
Implemented or Partially Implemented	(12)	2	(10)
Remaining Recommendations to be Fully Implemented	1	2	3
<b>Current Status</b>			
<b>Remaining Recommendations to be Fully Implemented</b>	<b>5</b>	<b>4</b>	<b>9</b>

\* Initial Status is set as "In-Process"

**EXHIBIT 2**  
**Audit Reports With Implementation of Recommendations in Progress**  
**As of June 30, 2011**

Audit No.	Audit Title	No. of Recs		In Process	Partially Implemented	No Longer Applicable	Implemented	
<b>Recommendations - Prior Period Reports</b>								
08-09	Review of Internal Controls Over Fuel Inventory	5	Initial Status	0	1	0	4	Open
			Change in Status	0	0	0	0	
			Current Period Status	0	1	0	4	
09-04	Audit of the Vegetation Management Program	2	Initial Status	1	0	0	1	Open
			Change in Status	0	0	0	0	
			Current Period Status	1	0	0	1	
09-23	Audit of the SAP Solutions Center	15	Initial Status	3	1	0	11	Open
			Change in Status	0	0	0	0	
			Current Period Status	3	1	0	11	
<b>Recommendation - Report Issued During Current Period</b>								
10-07	Audit of the RECOVER Program	4	Prior Period Status	4	0	0	0	Open
			Change in Status	-3	2	0	1	
			Current Period Status	1	2	0	1	
10-17	Audit of Worker Separation Process	9	Initial Status	9	0	0	0	Complete
			Change in Status	-9	0	0	9	
			Current Period Status	0	0	0	9	
<b>Recommendations - All Reports</b>								
<b>TOTAL</b>			35	Prior/Initial Status	17	2	0	16
				Change in Status	-12	2	0	10
				Status Current Period	5	4	0	26
<b>Number of Recommendations Remaining to Be Fully Implemented</b>		<b>9</b>		<b>5</b>	<b>4</b>			

Prior Period = As of March 31, 2011

**EXHIBIT 3**  
**Detail of In-Process and Partially Implemented Audit Recommendations**  
As of June 30, 2011

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Due Date		Recommendation	Management Response	Current Period Comments Regarding Status
					Original	Revised			
08-09	2	Review of Internal Controls Over Fuel Inventory	Partially Implemented	Partially Implemented	9/30/2009	9/30/2013	Implement physical security measures that were identified by Emergency/Security Management.	Fencing repairs will be done in FY2010. New fences will be deferred to future years due to FY2010 budget constraints. For security systems, we will coordinate with Security Management to have them budget for these systems in future years.	The fencing for the north shore pump station (i.e. 127, 129, 131, 133, and 193) has been added to the trash rake projects at each of the site and all construction will be completed by the end of FY13. If the schedule for the North Shore pump station projects extends beyond FY13, the Okeechobee FS will separately install fencing to provide the physical security for the fuel tanks at these stations.
09-04	2	Audit of the Vegetation Management Program	In Process	In Process	1/31/2011	3/31/2012	Establish performance measurements that better communicate the department's success in meeting programmatic goals and objectives.	Agree. The Vegetation Management and STA Division has been working on revising the Division's performance measures to better align with our current annual work plan and processes. Improved performance measures will better communicate if we are meeting the programmatic goals and objectives of the Department.	The District identified two opportunities to improve the reporting process, 1) standardizing reporting protocols across all divisions involved in invasive exotic vegetation control and 2) implementing systematic, region-wide assessments to quantify success. To date, several milestones have been reached toward refining and implementing the proposed changes to reporting protocols, including an in-depth analysis of the District's exotic plant control process that has allowed District staff to clearly define and identify improvements for the exotic plant control process. Also, the reporting process for exotic plant control has been consolidated and standardized. Also, to directly measure the proportion of District lands that are at maintenance control for exotic invasive plants, staff has developed a region-wide invasive plant assessment protocol for District-managed lands. This protocol utilizes digital sketch mapping technology to quantify the extent of invasive plant populations in a cost-effective manner. The District currently utilizes this protocol to direct land managers to exotic plant infestations in the Greater Everglades region. This information is also used to confirm that the District has achieved maintenance control of priority invasive plants in Water Conservation Areas 2 & 3. Staff is working to identify funding within current budget levels to expand the use of this tool in order to gather this performance information for all District lands. Vegetation Management has requested \$60,000 in the FY 2012 budget for surveying exotic vegetation on District Land. The program will commence upon approval of the FY 20112 budget.

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Due Date		Recommendation	Management Response	Current Period Comments Regarding Status
					Original	Revised			
09-23	3	Audit of the SAP Solutions Center	Partially Implemented	Partially Implemented	12/31/2010	12/31/2011	Develop a three year SAP Strategic Plan for maintenance that flows logically into the District Business Strategic Plan.	Management agrees.	<p>Prior three year SAP Strategic Plan will be revisited to take into account the affects of the District's reorganization plan on business process, organizational structure, &amp; budget.</p> <p>Solutions Center will work with management to determine SAP Functionality &amp; Resource requirements for the next 3 years based on new business processes, District priorities, budget, &amp; organizational structure.</p>
09-23	4	Audit of the SAP Solutions Center	In Process	In Process	9/30/2013	9/30/2013	Use benchmarking and industry standards to determine appropriate staffing levels and expenditures. This should include partnering with Information Technology for knowledge transfer and additional FTE's.	Management agrees.	<p>Due to budget challenges, the affects of the re-organization on business needs, and Executive office direction to reduce overall budget; the SAP Solutions Center is aggressively evaluating resource needs within the SAP Solutions Center to determine what programs/support activities can be maintained by the SSC under different sourcing scenarios which take into account varying support amounts. Given the criticality of the application (e.g. payroll, Accounts Payable, HR, etc.), the SSC will communicate to management the minimal amount of resources needed to support the system at a basic level. It is anticipated that overall support to the business may decrease as a result of budget cuts. Where possible &amp; considering such factors as Separation of Duty (SOD) &amp; SDLC process controls, SSC will utilize District resources with adequate SAP knowledge to assist with SAP support within the Solutions Center.</p>

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Due Date		Recommendation	Management Response	Current Period Comments Regarding Status
					Original	Revised			
09-23	11	Audit of the SAP Solutions Center	In Process	In Process	9/30/2013	9/30/2013	Plan for all contractors within the SAP Solutions Center to shadow a full time employee and to roll off after a maximum of two years of service.	Management concurs with the spirit of this recommendation. Converting contract support to FTEs where appropriate and cost effective will be pursued. For certain specialized functions, or short term needs contractual support will likely continue to be needed into the future.	Taking into account the District's reorganization activities & budget reduction efforts, the Solutions Center is taking steps to assure that SSC support levels are in line with the District's to-be organizational structure. As part of this plan, the SSC has developed an initial recruitment plan to convert 6 contractor positions to FTE positions with the goal of reducing overall support costs (initial phase of contractor to FTE conversions). Recruiting efforts are expected to commence in the 2nd half of August/2011 with eventual per position annual savings of \$70 - 100K projected. If initial recruiting phase successful, SSC will explore further reducing contractors with future approved recruiting phases. If recruiting efforts not successful due to market conditions, SSC will explore other sourcing models/scenarios in an attempt to reduce overall costs. In addition to Contractor to FTE conversion, the SSC is also evaluating the reduction of contractor resources for the next fiscal year based on reduced District needs, available budget, & more streamlined organizational structure.

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Due Date		Recommendation	Management Response	Current Period Comments Regarding Status
					Original	Revised			
09-23	12	Audit of the SAP Solutions Center	In Process	In Process	9/30/2013	9/30/2013	Roll the existing contractors off based on the current five year SAP contract and use the IT Department's Project Management Office (PMO) for project management instead of contractors. Bring the total resources down to between 5 to 9 consultants within a 9 month window.	Management again concurs with the spirit of this recommendation. Converting contract support to FTEs where appropriate and cost effective will be pursued. For certain specialized functions, or short term needs contractual support will likely continue to be needed into the future.	SSC currently utilizes IT project management resources on current live project. Since IT PMO is being streamlined/eliminated as part of budget cuts, SSC will examine best approach to provide Project Management on its projects in the future. SSC cannot guarantee to bring total contractor resources down to 5-9 contractors within a 9 month window without severely jeopardizing SAP support for the District. Contractors can only be reduced if a like skilled District FTE is in place to provide similar support. Contractor reduction window is directly related to approved FTE positions in SSC. Due to the District's reorganization & mandatory budget reductions, the SSC has committed to reducing overall contractor resources/spend for the 2012 Fiscal year while still providing basic support. In addition, the SSC has developed an initial recruitment plan to convert 6 contractor positions to FTE positions with the goal of reducing overall support costs (initial phase of contractor to FTE conversions). Recruiting efforts are expected to commence in the 2nd half of August/2011 with eventual per position annual savings of \$70 - 100K projected. If initial recruiting phase successful, SSC will explore further reducing contractors with future approved recruiting phases. If recruiting efforts not successful due to market conditions, SSC will explore other sourcing models/scenarios in an attempt to reduce overall costs.
10-07	1	Audit of the RECOVER Program	In Process	In Process	10/31/2011	10/31/2011	Develop jointly with the USACE an updated RECOVER Program Management Plan as required by the CERP Master Program	Agree. A draft PMP update has been submitted and circulated with the expectation that the Design Coordination Team (a partnership with the Corps) will review in May. Following comments, it is expected that the PMP will be finalized by October 2011.	On track for having signed PMPs by October, but without specific budget information.

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Due Date		Recommendation	Management Response	Current Period Comments Regarding Status
					Original	Revised			
10-07	2	Audit of the RECOVER Program	In Process	Partially Implemented	6/30/2011	8/31/2011	Submit RECOVER Work-In-Kind costs to the USACE at least quarterly, in accordance with the Design Agreement cost sharing	<p>The Finance and Administration Department agrees that RECOVER Work-in-Kind (WIK) cost reports have not been submitted timely for fiscal years 2008, 2009 and 2010. Both the Design Agreement and the CERP Guidance Memorandum #37 mention filing a quarterly informational report but CERP Guidance Memorandum #37 also specifically defines filing timelines for an official Project Manager signed semi-annual report. The reason the reports have not been filed timely since fiscal year 2007 is due to the fact the District implemented the SAP Project Systems module which rendered existing WIK reports obsolete. As a result, new WIK reports had to be designed, tested and verified to ensure that the District captured the WIK data now contained in SAP Project Systems. This required the use of a dedicated SAP Solution Center Business Warehouse resource to work with the Accounting Division to design and test new WIK reports before they could be submitted to the Corps. For various reasons, BW resources for this effort were not readily available to Accounting and within the SAP Solution Center. As such, the WIK report redesign and testing took longer than anticipated.</p> <p>As of March 28, 2011, official PM signed semi-annual WIK reports have been submitted to the Corps for all periods except for fiscal year 2010. The District anticipates that fiscal year 2010 WIK reports will be officially submitted by April 30, 2011. Additionally, an informational first quarter report for fiscal year 2011 was filed timely and the District expects to be caught up with its reporting obligations by April 30, 2011.</p>	Official PM signed semi-annual WIK reports have been submitted to the Corps for all periods through fiscal year 2010. An official PM signed report for the first six months of fiscal year 2011 will be submitted in August, 2011. Additionally, all informational quarterly reports for the first, second and third quarters of 2011 have been filed timely and the District expects to be caught up with its reporting obligation by August 31, 2011.



Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Due Date		Recommendation	Management Response	Current Period Comments Regarding Status
					Original	Revised			
10-07	3	Audit of the RECOVER Program	In Process	Partially Implemented	5/31/2011	8/31/2011	Track climate change monitoring expenditures related to CERP projects and submit District expenditures to the Corps for RECOVER Work-in-Kind credit	Agree. The Corps recently acknowledged that their climate change costs were being captured under CERP RECOVER. The District captured these costs in project systems and through functional codes. These codes have been provided to Accounting and Finance to submit for cost share crediting.	The District did not incur any costs during fiscal year 2010 relating to the Sea Level Rise project (Project #100536). Informational costs through end of the third quarter 2011 have been submitted to the Corps in a timely manner. An official PM signed report for the first six months of 2011 relating to the Sea Level Rise study project will be submitted by August 31, 2011.
10-07	4	Audit of the RECOVER Program	In Process	Implemented	5/31/2011	5/31/2011	Executive management should attempt to obtain the Corps cooperation with providing the District's accountants with the financial information necessary in order to comply with the Single Audit requirements contained in the Design Agreement for the CERP Program. Alternatively, management could request that the Corps waive the Single Audit requirement or amend the Design Agreement to remove the requirement	Finance and Administration agrees that it is a good idea to obtain the details of the Corps contributions to the CERP program but disagrees that this has caused the District to be out of compliance with the Federal Single Audit Act. Each year the District has disclosed on the Schedule of Expenditures of Federal Awards and State Financial Assistance what the Corps has indicated as the value of in-kind services provided by them for that year. The report makes no assertion as to the accuracy of the number provided by the Corps. However, the fact that it is contained on the schedule makes it subject to audit procedures and the District has received an unqualified opinion on our Single Audit every year it's been performed. While auditing the Corps financial contribution may be costly on an annual basis, staff agrees that an audit should be conducted of Corp expenses. Discussions are underway with the Inspector General's Office to ask the Governing Board to add this to the annual audit plan. To address the long-term issue, staff will also request the Corps to waive the single audit function or amend the Design Agreement to remove the requirement.	The District's audit firm noted no instances of noncompliance in connection with their audit of our fiscal year 2010 audit of Schedule of Expenditures of Federal Awards and State Financial Assistance. Additionally, the notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance indicated the non-cash federal financial assistance from the Corps as unaudited.

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Due Date		Recommendation	Management Response	Current Period Comments Regarding Status
					Original	Revised			
10-17	1	Audit of the Worker Separation Process	In Process	Implemented	4/13/2011	4/13/2011	Human Resources Solutions should establish a written procedure to initiate the separation process in SAP HR on the workers last day, or the day after a separation for voluntary employee and intern separation, and for contract worker separations that occur before their contract end dates.	Management agrees with this recommendation. To strengthen the contract worker separation process moving forward, HR Solutions will run a BW report on a biweekly basis to identify any active contract workers with expired contract end dates in SAP to ensure that contract workers are off-boarded shortly after the contract end date has expired.	Recommendation was implemented at the time of final report issuance.
10-17	2	Audit of the Worker Separation Process	In Process	Implemented	4/13/2011	4/13/2011	Require that relevant department staff forward all separation paperwork to Human Resources Solutions on the employee's or intern's last day of work with the District. In addition, remind project managers who supervise contract workers to report service end date changes promptly to Human Resources.	Human Resources Solutions has capitalized on numerous opportunities to discuss the importance/criticality of this paperwork being submitted in a timely manner through various venues, quarterly department Human Resources representatives meeting, monthly Sr. HR representative meetings, MAT/MDT meetings (managers).	Recommendation was implemented at the time of final report issuance.
10-17	3	Audit of the Worker Separation Process	In Process	Implemented	4/13/2011	4/13/2011	Human Resources Solutions should separate contract workers in SAP HR promptly when contract workers leave the District on their contract end date.	Management agrees with this recommendation. As confirmed with Information Technology, the contract worker is disabled in IDM at 12:01 am the day after the last day of the contract. Therefore, even if they are not separated in SAP HR, there is no risk to the District regarding possible access to systems. In addition, to strengthen the contract worker separation process moving forward, Human Resources Solutions will run a BW report on a biweekly basis to identify any active contract workers with expired contract end dates in SAP to ensure that contract workers are off-boarded shortly after the contract end date has expired.	Recommendation was implemented at the time of final 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	Revised			
10-17	4	Audit of the Worker Separation Process	In Process	Implemented	4/13/2011	4/13/2011	Information Technology Department should ensure that separated employees', contract workers', and interns' District's Oracle database accounts are disabled upon receipt of the Identity Management System e-mail separation notification.	Management agrees with this recommendation. To ensure the Oracle Database accounts are disabled in a more timely fashion, we have added additional staff and the Section Leader to the automated email notification list. Additionally, when the enhancements to Identity Management system are completed, the Oracle Accounts will also be automatically disabled.	Recommendation was implemented at the time of final report issuance.
10-17	5	Audit of the Worker Separation Process	In Process	Implemented	4/13/2011	4/13/2011	Information Technology Department should cancel wireless devices assigned to separated employees and contract workers upon receipt of the e-mail separation notification, unless otherwise instructed. In addition, ensure that wireless records are updated if the devices will be reassigned.	Management agrees with this recommendation. Procedures for cancellation of wireless devices have been reviewed with appropriate staff and the Division Director and the Section Leader will review the status of this process periodically.	Recommendation was implemented at the time of final report issuance.
10-17	6	Audit of Worker Separation Process	In Process	Implemented	6/1/2011	6/1/2011	Consider establishing a timeframe guideline within which to retrieve computer equipment after a separation from the District. In addition, ensure that any retrieval delays are adequately documented.	Management agrees with this recommendation. The written procedure for retrieval of equipment will be revised to establish a timeframe guideline for retrieval	Process to address issues/concerns completed and deployed. New reporting begins in August 2011.
10-17	7	Audit of Worker Separation Process	In Process	Implemented	6/1/2011	6/1/2011	Remind relevant department staff that security badges must be collected and deactivated upon separation from the District	Management agrees with this recommendation; however, it will not be necessary for Security to physically receive the badge due to electronic controls in place to deactivate the badge through our computer system. Recommend the employee's supervisor physically collect the employee badge and destroy upon employee check out procedures.	Complete

Audit No.	Rec No.	Audit Title	Status Prior Report	Status Current Report	Due Date		Recommendation	Management Response	Current Period Comments Regarding Status
					Original	Revised			
10-17	8	Audit of the Worker Separation Process	In Process	Implemented	4/13/2011	4/13/2011	Instruct Human Resources Solutions staff to carefully review educational reimbursements made to separating employee to ensure that reimbursements within the last year amounts are repaid to the District.	Management agrees with this recommendation. A secondary review has been established for all separation/education reimbursement information going to Payroll.	Recommendation was implemented at the time of final report issuance.
10-17	9	Audit of Worker Separation Process	In Process	Implemented	12/31/2011	12/31/2011	Determine why all separated employees, interns, and contract workers are not reflected on the Identity Management System report of disabled users	Management agrees with this recommendation. Accounts that were manually disabled did not show up in the automated report. However, we are currently enhancing the Identity Management System and we will perform	Complete

## Exhibit 4

### Status of Recommendations Not Fully Implemented

Audit No.	Audit Name		
Recommendation	Current Status	Auditor's Comment	
<b>08-09</b>	<b>Review of Internal Controls Over Fuel Inventory</b>		
<p><b># 2</b> Implement physical security measures that were identified by Emergency/Security Management.</p> <p>Original Due Date: 9/30/2009</p> <p>Revised Due Date: 9/30/2013</p>	<p><b>Partially Implemented</b></p>	<p>The fencing for the north shore pump station (i.e. 127, 129, 131, 133, and 193) has been added to the trash rake projects at each of the site and all construction will be completed by the end of FY13. If the schedule for the North Shore pump station projects extends beyond FY13, the Okeechobee FS will separately install fencing to provide the physical security for the fuel tanks at these stations.</p> <p>Auditor Update: 8/1/2011</p>	
<b>09-04</b>	<b>Audit of the Vegetation Management Program</b>		
<p><b># 2</b> Establish performance measurements that better communicate the department's success in meeting programmatic goals and objectives.</p>	<p><b>In Process</b></p>	<p>The District identified two opportunities to improve the reporting process, 1) standardizing reporting protocols across all divisions involved in invasive exotic vegetation control and 2) implementing systematic, region-wide assessments to quantify success. To date, several milestones have been reached toward refining and implementing the proposed changes to reporting protocols, including an in-depth analysis of the District's exotic plant control process that has allowed District staff to clearly define and identify improvements for the exotic plant control process. Also, the reporting process for exotic plant control has been consolidated and standardized. Also, to directly measure the proportion of District lands that are at maintenance control for exotic invasive plants, staff has developed a region-wide invasive plant assessment protocol for District-managed lands. This protocol utilizes digital sketch mapping technology to quantify the extent of invasive plant populations in a cost-effective manner. The District currently utilizes this protocol to direct land managers to exotic plant infestations in the Greater Everglades region. This information is also used to confirm that the District has achieved maintenance control of priority invasive plants in Water Conservation Areas 2 &amp; 3. Staff is working to identify funding within current budget levels to expand the use of this tool in order to gather this performance information for all District lands. Vegetation Management has requested \$60,000 in the FY 2012 budget for surveying exotic vegetation on District</p>	

<b>Audit No.</b>	<b>Audit Name</b>
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<b>Recommendation</b>	<b>Current Status</b>	<b>Auditor's Comment</b>
<p>Original Due Date: 1/1/2011</p> <p>Revised Due Date: 1/1/2012</p>		<p>Land. The program will commence upon approval of the FY 20112 budget.</p> <p>Auditor Update: 8/1/2011</p>

<b>09-23</b>	<b>Audit of the SAP Solutions Center</b>
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<b># 3</b>	Develop a three year SAP Strategic Plan for maintenance that flows logically into the District Business Strategic Plan.	<b>Partially Implemented</b>	<p>Prior three year SAP Strategic Plan will be revisited to take into account the affects of the District's reorganization plan on business process, organizational structure, &amp; budget.</p> <p>Solutions Center will work with management to determine SAP Functionality &amp; Resource requirements for the next 3 years based on new business processes, District priorities, budget, &amp; organizational structure.</p> <p>Auditor Update: 8/1/2011</p>
	<p>Original Due Date: 12/31/2010</p> <p>Revised Due Date: 12/31/2011</p>		

<b># 4</b>	Use benchmarking and industry standards to determine appropriate staffing levels and expenditures. This should include partnering with Information Technology for knowledge transfer and additional FTE's.	<b>In Process</b>	<p>Due to budget challenges, the affects of the reorganization on business needs, and Executive office direction to reduce overall budget; the SAP Solutions Center is aggressively evaluating resource needs within the SAP Solutions Center to determine what programs/support activities can be maintained by the SSC under different sourcing scenarios which take into account varying support amounts. Given the criticality of the application (e.g. payroll, Accounts Payable, HR, etc.), the SSC will communicate to management the minimal amount of resources needed to support the system at a basic level. It is anticipated that overall support to the business may decrease as a result of budget cuts.</p> <p>Where possible &amp; considering such factors as Separation of Duty (SOD) &amp; SDLC process controls, SSC will utilize District resources with adequate SAP knowledge to assist with SAP support within the Solutions Center.</p> <p>Auditor Update: 8/1/2011</p>
	<p>Original Due Date: 9/30/2013</p> <p>Revised Due Date: 9/30/2013</p>		

<b># 11</b>	Plan for all contractors within the SAP Solutions Center to shadow a full time employee and to roll off after a maximum of two years of service.	<b>In Process</b>	<p>Taking into account the District's reorganization activities &amp; budget reduction efforts, the Solutions Center is taking steps to assure that SSC support levels are in line with the District's to-be organizational structure.</p> <p>As part of this plan, the SSC has developed an initial recruitment plan to convert 6 contractor</p>
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<b>Audit No.</b>	<b>Audit Name</b>
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<b>Recommendation</b>	<b>Current Status</b>	<b>Auditor's Comment</b>
<p>Original Due Date: 9/30/2013</p> <p>Revised Due Date: 9/30/2013</p>		<p>positions to FTE positions with the goal of reducing overall support costs (initial phase of contractor to FTE conversions). Recruiting efforts are expected to commence in the 2nd half of August/2011 with eventual per position annual savings of \$70 - 100K projected. If initial recruiting phase successful, SSC will explore further reducing contractors with future approved recruiting phases. If recruiting efforts not successful due to market conditions, SSC will explore other sourcing models/scenarios in an attempt to reduce overall costs.</p> <p>In addition to Contractor to FTE conversion, the SSC is also evaluating the reduction of contractor resources for the next fiscal year based on reduced District needs, available budget, &amp; more streamlined organizational structure.</p> <p>Auditor Update: 8/1/2011</p>
<p><b># 12</b> Roll the existing contractors off based on the current five year SAP contract and use the IT Department's Project Management Office (PMO) for project management instead of contractors. Bring the total resources down to between 5 to 9 consultants within a 9 month window.</p>	<b>In Process</b>	<p>SSC currently utilizes IT project management resources on current live project. Since IT PMO is being streamlined/eliminated as part of budget cuts, SSC will examine best approach to provide Project Management on its projects in the future. SSC cannot guarantee to bring total contractor resources down to 5-9 contractors within a 9 month window without severely jeopardizing SAP support for the District. Contractors can only be reduced if a like skilled District FTE is in place to provide similar support. Contractor reduction window is directly related to approved FTE positions in SSC. Due to the District's reorganization &amp; mandatory budget reductions, the SSC has committed to reducing overall contractor resources/spend for the 2012 Fiscal year while still providing basic support. In addition, the SSC has developed an initial recruitment plan to convert 6 contractor positions to FTE positions with the goal of reducing overall support costs (initial phase of contractor to FTE conversions). Recruiting efforts are expected to commence in the 2nd half of August/2011 with eventual per position annual savings of \$70 - 100K projected. If initial recruiting phase successful, SSC will explore further reducing contractors with future approved recruiting phases. If recruiting efforts not successful due to market conditions, SSC will explore other sourcing models/scenarios in an attempt to reduce overall costs.</p> <p>Auditor Update: 8/1/2011</p>
<p>Original Due Date: 9/30/2013</p>		<p>Auditor Update: 8/1/2011</p>

<b>Audit No.</b>	<b>Audit Name</b>
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<b>Recommendation</b>	<b>Current Status</b>	<b>Auditor's Comment</b>
Revised Due Date: 9/30/2013		
<b>10-07</b>	<b>Audit of the RECOVER Program</b>	
<b>#1</b> Develop jointly with the USACE an updated RECOVER Program Management Plan as required by the CERP Master Program Management Plan.	<b>In Process</b>	On track for having signed PMPs by October, but without specific budget information.
Original Due Date: 10/31/2011		Auditor Update: 7/26/2011
Revised Due Date: 10/31/2011		
<b>#2</b> Submit RECOVER Work-in-Kind costs to the USACE at least quarterly, in accordance with the Design Agreement cost sharing requirements.	<b>Partially Implemented</b>	Official PM signed semi-annual WIK reports have been submitted to the Corps for all periods through fiscal year 2010. An official PM signed report for the first six months of fiscal year 2011 will be submitted in August, 2011. Additionally, all informational quarterly reports for the first, second and third quarters of 2011 have been filed timely and the District expects to be caught up with its reporting obligation by August 31, 2011.
Original Due Date: 6/30/2011		Auditor Update: 7/26/2011
Revised Due Date: 8/31/2011		
<b>#3</b> Track climate change monitoring expenditures related to CERP projects and submit District expenditures to the Corps for RECOVER Work- in-Kind credit.	<b>Partially Implemented</b>	The District did not incur any costs during fiscal year 2010 relating to the Sea Level Rise project (Project #100536). Informational costs through end of the third quarter 2011 have been submitted to the Corps in a timely manner. An official PM signed report for the first six months of 2011 relating to the Sea Level Rise study project will be submitted by August 31, 2011.
Original Due Date: 5/31/2011		Auditor Update: 7/26/2011
Revised Due Date: 8/31/2011		