

SOUTH FLORIDA WATER MANAGEMENT DISTRICT



**Office of Inspector General
Annual Report**

Fiscal Year 2014

Prepared by
Office of Inspector General

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

sfwmd.gov



SOUTH FLORIDA WATER MANAGEMENT DISTRICT

December 17, 2014

Governing Board Members:

Mr. Daniel O'Keefe, Chair
Mr. Kevin Powers, Vice-Chair
Mr. Frederick Barber
Ms. Sandy Batchelor
Mr. Mitch Hutchcraft
Mr. James J. Moran
Ms. Melanie Peterson
Mr. Juan M. Portuondo

Re: Annual Report for Fiscal Year 2014

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 2014. This report was prepared by Ann Haga, Executive Assistant, and myself. 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 District management and staff.

Sincerely,

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

J. Timothy Beirnes, Inspector General
Office of Inspector General

C: Blake Guillory
Executive Team

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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, 2014.

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 OIG to provide a central point for coordination of activities that promote accountability, integrity, and efficiency in the operations of the District. The OIG 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.

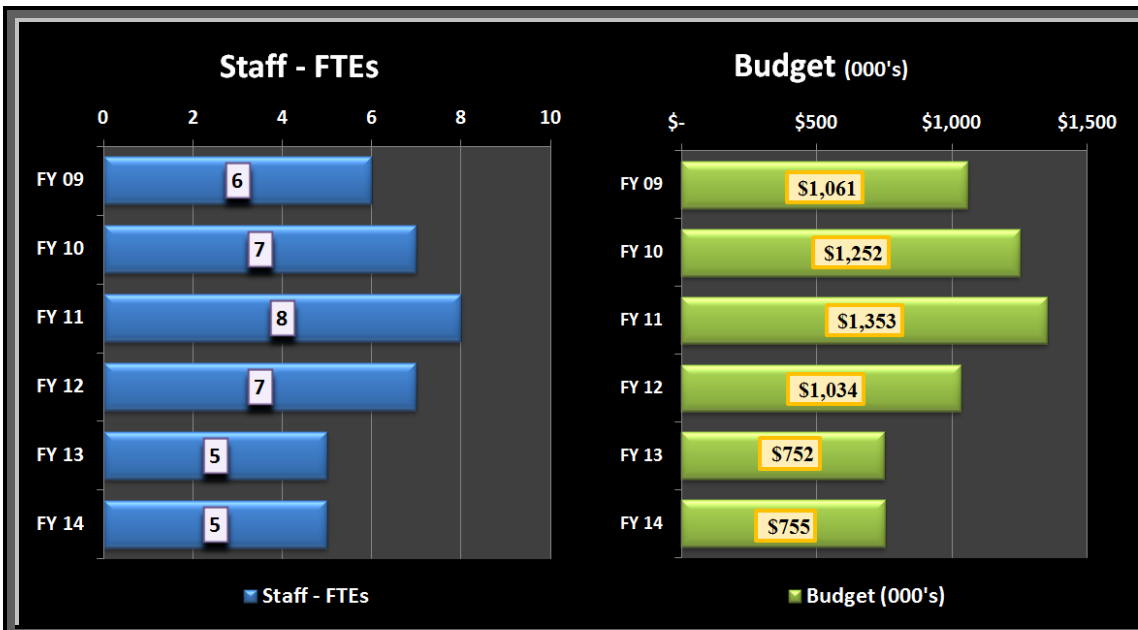
Pursuant to Sections 112.3187 through 112.31895 and Section 20.055, Florida Statutes, the Inspector General is also responsible for investigating Whistle-Blower Act complaints brought by District employees, former employees, agents, contractors, or citizens.

OFFICE STAFF and BUDGET

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

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

The following graphs show the trend in the number of full-time equivalent (FTE) staff and the Office of Inspector General's annual budget for the past several years.



The Office's budget also includes the fees for the annual financial statement audit performed by the District's accounting firm. This amount was \$162,000 for FY 2014.

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 2014 the staff received training in such topics as:

- Government Accounting Standards
- Government Auditing
- Risk Management
- Information Systems & Security
- Fraud Detection and Investigation
- Leadership

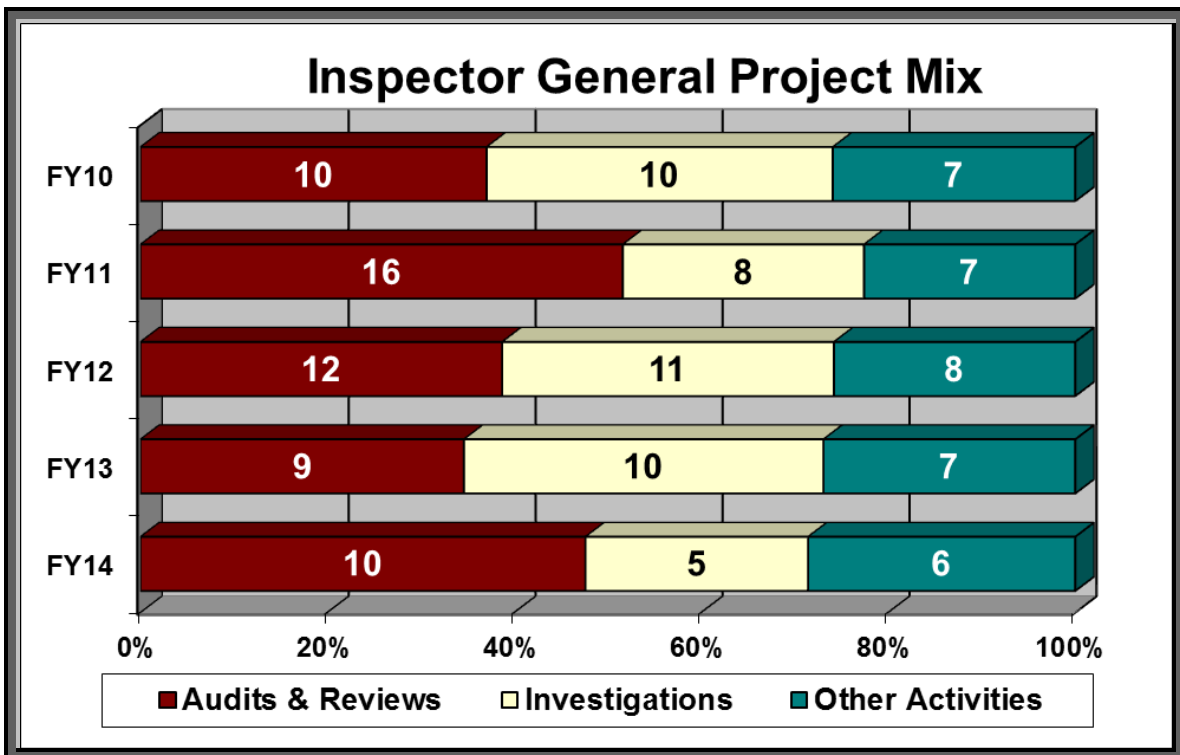
Professional development is provided through affiliations with several professional organizations, including the following:

- 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

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 advice in the development of performance measurements, standards, and procedures in assessing District program risks.

The number of projects completed during the current and past fiscal years is illustrated in the following graph:



AUDITS & REVIEWS

In FY 2014, the Office of Inspector General focused on performance auditing and completed 10 audit and review projects. Performance audits include comments on economy & efficiency, program compliance, and results. A summary of each report follows.

Audit of Employee Time Coding Process ***Project No. 13-13***

The objectives of this audit primarily focused on determining whether there is an adequate process in place to ensure that employees' time charges reflect the activities they performed. Overall, we found that employees working on project related activities are charging their time to network and activity codes when completing their bi-weekly timesheets.

However, we found that further efforts are required to ensure that employees in certain areas of the District accurately charge their time to reflect the activities they work on. We found that some employees who primarily work on project related activities did not always charge their time to project network and activity codes as required. In addition, employees throughout different areas of the District who assist on projects did not always charge their time to project activities.

We also analyzed time charges of employees assigned to four sections across the District that assist with project activities to determine whether employees were charging time to projects when they worked on such activities and whether charges to cost centers were justifiable. Overall, the section leaders concluded that their staff's time charges were reasonable based on their overall job responsibilities. However, during our discussions with project managers we concluded that there were a few instances where employees of these sections worked on their projects and did not charge their time to project related activities as required. Thus, this appears to be an issue that requires section leaders to review timesheets more closely to ensure that time charges reflects the activities worked.

There are several effects if employees' time charges do not reflect the activities they actually worked on. For example, for cost share projects with the Army Corps of Engineers, the District may be eligible to receive in-kind credit for internal labor hours incurred for certain CERP related activities (for example, design and engineering costs) and credit can only be requested if the internal labor is charged to activities/orders. In addition, accurate time charges are essential for proper resource planning, budgeting, and performance evaluation. Correct time charges also indicate adequate controls over time and that supervisors responsible for approving time are aware of their staff's activities.

Further, the District does not currently have any formal change control process to document and justify changes to project data in Project System. Specifically, there was no structured process to ensure that changes to project information such as changes to a project's performance measurement baseline scope, schedule, resources, and costs are justified and authorized by designated staff. As a result, certain project data contained in project performance reports presented to management may not be representative of a project's true performance.

Audit of Fixed Assets Processes & Procedures ***Project No. 13-16***

The main objective of this audit was to identify best practices for potential improvements to incorporate into District practices. The audit provides an independent review of the District's asset management processes and procedures for fixed assets, tangible personal property, including a comparison of the District's procedures to industry best practices and applicable laws and codes in order to identify potential improvements.

We identified best practices as well as state statutes and administrative codes applicable to the management of tangible personal property. We found that the District has comprehensive policies and procedures in place which are consistent with many of the best practices used by governmental organizations and Florida statutes and administrative codes. These procedures include performing annual inventories, maintaining property records with required information, maintaining control accounts, assigning asset labels with bar codes for electronic identification, etc. We also found that

the District has incorporated many of the best practices used by other similar government entities in its policies and procedures, including a comprehensive training guide titled “Asset Management Training for Property Clerks”, which provides detailed instructions for managing asset master data, performing the annual inventory, completing asset transfers, and designating surplus property.

We did, however, identify several potential opportunities for improvement. We noted that the District’s policies and procedures need to be updated to properly reflect the responsibilities of the Asset Accounting Section which were previously assigned to the General Services Section. In addition, the policies and procedures should be updated to reference and reflect the requirements of Chapter 69I-73 Florida Administrative Code. Several best practices identified for potential improvement include:

- Establish policies and procedures to ensure contractors maintain adequate records and documentation to account for District property in their possession,
- Research and resolve missing inventory on a timely basis,
- Optimize re-use of surplus items,
- Separate the duties of property custodianship and of performing the annual inventory,
- Perform a limited inventory when there is a change of custodian,
- Document the asset condition on the inventory form, and
- Include asset sub groups in the annual inventory process.

Audit of Land Lease Financial Provisions

Project No. 13-19

The objective of this audit was to determine whether lease revenues were collected in accordance with lease agreements and whether lessees have complied with lease financial provisions such as procurement of contractually required insurance and remittance of required tax payments in a timely manner.

We found that the system of internal controls related to compliance with lease agreement financial provisions appeared sufficient. Lessee non-compliance was

identified in a timely manner and follow-up action was taken to bring the lessee back into compliance. We also found that lease monitoring staff was diligent in overseeing the leasing process.

Lease agreements provisions varied widely depending on when the lease originated. Leasing Section staff is working with the Office of Counsel to improve the leasing process through updates and standardization to lease agreement financial provisions as leases expire or are renewed through new agreements or amendments.

We found that lessee compliance is monitored through a system of Excel spreadsheets, SAP table updates and updates to the Integrated Real Estate Information System (IRIS) database. The Leasing Section is also developing an Access database to manage certain aspects of compliance monitoring. We determined that it would prove beneficial to streamline the compliance monitoring process by updating IRIS database functionality to manage lessee compliance rather than developing an Access database.

Information Technology and Leasing will work together to map the lessee compliance process to identify potential efficiencies gained by updating the IRIS application.

We found that District lease policy requires lessees to deposit one-year's estimated property and sales taxes in an escrow account held by the District until either lease expiration or termination. The lease policy restricts the use of the deposited funds to the lessee's non-payment of taxes. However, there may be other reasons that the District may want to collect additional lessee deposits. To mitigate risk of loss to the District, we recommended that the District amend the leasing policy to allow the District to use lessee deposited funds for property damage, land clean-up and other mitigation purposes. We also recommended that the policy be amended to authorize staff to increase lessee required deposits on a case by case basis to mitigate high risk land use. Management concurred and has begun incorporation of this recommendation into the new boilerplate lease agreement terms and conditions.

Audit of Fleet Maintenance Operations

Project No. 13-20

The Audit of Fleet Maintenance Operations focused on determining whether adequate processes are in place to ensure that fleet maintenance operations are performed effectively and efficiently.

Overall, the District has an adequate process in place to ensure that fleet maintenance operations are performed effectively and efficiently. We found that most fleet units used the same vendors for certain types of parts and repairs. However, we noted that improvements could be made in some areas. Several field stations could increase their efforts to be more cost efficient by comparing prices for original and aftermarket parts. Further, planned maintenance (PMPL) work orders, completed during October 1, 2011 to August 7, 2013, disclosed that repairs identified during maintenance inspections were not always resolved via planned repair (PMPR) work orders as required.

The Operations, Maintenance, and Construction Division's maintenance goal for fleet work orders is for 80% of work orders to be planned and 20% to be unplanned. However, the Division is not achieving its goals since 72% of repairs were planned and 28% were unplanned. This trend is likely to continue due to a lack of funding to replace the District's aging fleet.

The audit also identified inconsistencies among field stations in how fleet technicians charge time to work orders.

Analysis of Helicopter Replacement Cycle

Project No. 13-23

Our objectives focused on analyzing the costs of maintaining the current fleet of helicopters or alternatively replacing some or all of the fleet with new helicopters. The analysis compared the cost of new helicopters to the cost of maintaining the older fleet

Our analysis of alternative helicopter replacement options indicated that the most cost effective approach is to maintain the current fleet of helicopters until the smaller Bell SLS becomes available in 2015. If the current used helicopter market remains unchanged in 2015, the District can downsize to a new Bell SLS for the trade in value of a Bell 407. The Bell SLS helicopter appears capable of accomplishing many District missions cost effectively. District management will need to determine whether its Bell 407 serves a

valuable purpose with its seven seat capacity or whether downsizing to a five seat Bell SLS is a cost effective alternative.

Currently, the Bell 206 series helicopters are approved for floats. The Bell SLS is not approved for floats. Accordingly, the District has limited options when evaluating alternatives for District's Bell 206B float helicopter replacement.

Audit of City of Everglades City Grant Agreement *Project No. 14-08*

The objective of this audit was to determine the amount of expenditures Everglades City incurred towards the Phase II project and whether such expenditures were appropriate and in accordance with the terms of the grant agreement. We also determined the nature of the disbursements made to a former District employee and assessed whether these payments were proper and demonstrated valid project expenditures.

We found that Everglades City recorded Phase II expenditures along with other costs that were incurred for its water supply system in its Utility Account. Our analysis of Utility Account activities and various accounting records though February 2014 revealed that of the \$340,754 recorded in this account, \$290,736 were incurred for Phase II design and related costs, and \$50,018 were for improvements to Everglades City's water supply system that were outside of the District's Phase II Grant Agreement's scope of work.



We found that the former District employee was hired by Everglades City as a consultant and provided project oversight assistance; which included contractor invoice review, permit acquisition, and design and construction oversight. In our opinion, these oversight services proved to strengthen Everglades City's review process over project

expenditures; however, our analysis revealed that \$14,950 of the \$41,850 billed was for services provided that were not within the District's Grant Agreement scope of work. We also found that \$21,559 of the Project Engineer time was spent securing a Florida Department of Environmental Protection grant and working on Phase 1 project tasks, which were unrelated to the Phase II Grant Agreement scope of work. Everglades City's Accountant also identified costs totaling \$13,509 that were also unrelated to Phase II. These costs are included in the \$50,018 of water supply system expenditures that are outside the District grant agreement scope of work.

We discussed our findings with the Everglades City Mayor and Accountant on April 23, 2014. They agreed with our finding and Everglades City will make the appropriate adjustments to the Phase II project cost records.

Follow-Up Audits

Follow-Up Audit for 7/1/13 – 9/30/13 Project No. 14-01

This report on the implementation status of audit recommendations was for the period July 1, 2013 through September 30, 2013 (the "Fourth Quarter of FY 2013 Reporting Period"). As of June 30, 2013 there were seven (7) recommendations that were not yet Fully Implemented, consisting of five (5) that were In-Process and two (2) that were Partially Implemented. During the Fourth Quarter of FY2013 Reporting Period, four (4) of these recommendations were Fully Implemented.

During the Fourth Quarter of FY 2013 Reporting Period, 18 recommendations were added from two (2) newly issued reports. As of September 30, 2013, 10 of these recommendations had been Fully Implemented. In total from all reports, 11 recommendations were In-Process of being implemented or had been Partially Implemented as of September 30, 2013.

Follow-Up Audit for 10/1/13 – 12/31/13
Project No. 14-04

This report on the implementation status of audit recommendations was for the period October 1, 2013 through December 31, 2013 (the “First Quarter Reporting Period”). As of September 30, 2013, 10 recommendations were not yet Fully Implemented, consisting of eight (8) that were In-Process and two (2) that were Partially Implemented. During the First Quarter Reporting Period, one (1) of these recommendations was Fully Implemented.

During the Reporting Period, eight (8) recommendations were added from two (2) newly issued reports. As of December 31, 2013, five (5) of these recommendations have been Fully Implemented. In total from all reports, 12 recommendations were In-Process of being Implemented or had been Partially Implemented as of December 31, 2013.

Follow-Up Audit for 1/1/14 – 3/31/14
Project No. 14-10

This report on the implementation status of audit recommendations was for the period January 1, 2014 through March 31, 2014 (the “Second Quarter Reporting Period”). As of December 30, 2013, 12 recommendations were not yet Fully Implemented, consisting of 11 that were In-Process and one (1) that was Partially Implemented. During the Second Quarter Reporting Period, three (3) of these recommendations were Fully Implemented.

During the Second Reporting Reporting Period, no recommendations were added from newly issued reports. Nine (9) recommendations were In-Process of being Implemented or had been Partially Implemented as of March 31, 2014.

Commencing with this Second Quarter Reporting Period follow-up report, our office also monitored the implementation status of the 10 recommendations made in the Operational Audit performed by the State of Florida Auditor General. As of March, 31, 2014, seven (7) recommendations had been fully implemented, two (2) had been partially implemented, and one (1) was in the process of implementation.

Follow-Up Audit for 4/1/14 – 6/30/14
Project No. 14-18

This report on the implementation status of audit recommendations was for the period April 1, 2014 through June 30, 2014 (the “Third Quarter Reporting Period”). As of April 1, 2014, nine (9) recommendations were not yet Fully Implemented, consisting of eight (8) that were In-Process and one (1) that was Partially Implemented. During the Third Quarter Reporting Period, three (3) of these recommendations were Fully Implemented.

During the Third Quarter Reporting Period, no recommendations were added from newly issued reports. Seven (7) recommendations were In-Process of being Implemented or had been Partially Implemented as of June 30, 2014.

Commencing with the Second Quarter Reporting Period follow-up report, our office began monitoring the implementation status of the 10 recommendations made in the Operational Audit performed by the State of Florida Auditor General. Seven (7) of these recommendations were fully implemented during the Second Quarter Reporting Period and two (2) were implemented during the Third Quarter Reporting Period. As of June 30, 2014, nine (9) of the 10 recommendations had been fully implemented, and one (1) was in the process of implementation.

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 and other State agencies Inspectors General also referred certain cases to our office. During FY 2014 we received a total of seven (7) complaints from various sources. Investigations were opened for five (5) of these complaints. The remaining complaints did not contain information of the nature that required an investigation by our office. Many such complaints were referred to the Ombudsman. A short summary of each investigation follows.

Investigation of Alleged Surveying Improprieties ***Project 14-03***

We conducted an investigation of a complaint that was forwarded by the Florida Department of Transportation's Office of Inspector General alleging that a survey and mapping firm, engaged in survey improprieties. The complainant was a former employee of the firm for approximately 12 years until he was laid off in January 2013. The complainant alleged that the firm's management directed field crews working on projects in Martin County to falsify survey data to conceal the differences between actual and recorded project elevations. The complainant believed that management's unethical and possibly illicit directives resulted in non-compliance with the Geyer Property and Port Mayaca Polo Club's Environmental Resource Permits (ERPs).

The complainant stated that he was a member of the survey field crew for the entire Geyer Property survey project and worked as a field crew member surveying the northwest portion of the largest pond in the Port Mayaca Polo Club project.

We found that the allegations that the Geyer Property and Port Mayaca Polo Club ERPs, were not in compliance because of falsified pond elevation survey data was not sustained. Our conclusion is based on our review of the Geyer Property and Port Mayaca Polo Club ERPs, site observations, and discussions with District regulation professionals. We visited both sites with District regulation professionals and found no permit compliance issues.

**Investigation of Alleged Improprieties
Related to Various Land Use Issues
*Project 14-06***

We investigated a complaint that was forwarded to us by the Governor's Office of Inspector General. The complaint contained three allegations, two of which related to the District and the other related to Lee County, which was beyond our jurisdiction.

The first part of the complaint relates to District Tract No. 34100-071, which is a 0.31 acre parcel located in Lee County on the south side of the Caloosahatchee River that is adjacent to property owned by the complainant. The District owns a perpetual easement interest in the tract, which the complainant expressed an interest in purchasing. In order to acquire surplus property from the District, Chapter 373.089, Florida Statutes, requires that real estate which is deemed surplus be sold for not less than the market value determined by a certified appraiser. The acquiring party is required to pay for the appraisal and other fees that may be incurred during the acquisition process. As a result of the complainant's interest in Tract No. 34100-071, the District appraised its perpetual easement interest. However, the complainant took issue with the appraisal and requested that the District refund the \$3,000 he paid for the appraisal. He also claims that the District was not straight forward with parcel ownership disclosures in that after the appraisal was performed he was advised that the District did not own the property.

The allegation claiming that the District misrepresented its perpetual easement interest in Tract No. 34100-071, which resulted in the complainant spending \$3,000 for an appraisal that he concluded would not have spent had the District fully disclosed its interest is unfounded. E-mail communications between District staff and the complainant and his associate clearly states the District's ownership interest in the parcel and outlined the District's appraisal process so there could be no confusion. Further, the e-mails clearly state that the appraiser was valuing the District's perpetual easement interest.

The second allegation related to the complainant's 100 acres parcel in North Fort Myers that he purchased in 2005. The complainant grazes cattle on the property and claims that last year's abnormal flooding was so severe that 19 of his 30 head of cattle died from starvation. Further, he claimed that the flooding had destroyed the pasture land; as a result, the complainant purchased hay to feed the remaining cattle. He claimed

that the flooding of his property very unusual and claims that his property is 33 feet above sea level and is the highest point in Lee County. The complainant stated that District staff told him his property is considered wetlands.

The complainant explained that Daughtrey Creek runs through his property and could relieve some of the flooding if the creek was cleaned out by upstream and downstream property owners. However, according to the complainant, District staff would not allow the creek to be cleared for better conveyance. He speculated that downstream property owners, which included Union Carbide might have introduced radioactive materials into the creek and nearby areas. As a result, he believed that District staff may not want contaminated water draining into the Caloosahatchee River and eventually to the Gulf of Mexico. The complainant offered no evidence supporting his implication that downstream Daughtrey Creek may contain radioactive contamination. Thus, we did not investigate this aspect of his complaint.

We found the allegation claiming that the District does not allow upstream and downstream property owners along Daughtrey Creek to maintain the conveyance capacity of the Creek is unfounded. The District allows property owners to maintain Daughtrey Creek but prohibits them from deepening or widening the creek without a permit.

Investigation of Alleged Permit Entity Misrepresentations ***Project No. 14-09***

We investigated a complaint alleging that Pacific Land LTD, an adjacent property owner to the complainant, was not in compliance with provisions of its Environmental Resource Permit (ERP). The complainant contended that Pacific Land LTD failed to amend the ERP for an ownership change, which is required by District regulation.

We found that the complainant's allegation is sustained and that staff should take the necessary actions to ensure that the property owner restores compliance with its ERP.

**Investigation of Alleged Misuse of a
District Assigned 24-Hour Vehicle**
Project No. 14-11

Complainant alleged misconduct and ethical violations by a manager of a field station. The complainant contended that the manager misused his District assigned vehicles for personal use and made modifications to the vehicles that violated District policies and procedures.

The complainant alleged that:

- The manager violated District policy by transporting a kayak in the bed of his 24-hour assigned District vehicle,
- Long commutes resulted in excessive wear and tear on the 24-hour assigned vehicle and resulted in more frequent tire replacements, all at considerable cost to the taxpayer,
- To offset the high mileage that accumulates on his 24-hour vehicle, which is mostly from commuting, the complainant stated that the manager sometimes took other District trucks home overnight. He claimed that the manager took a vegetation management truck overnight without signing for the expensive herbicides that were in the back of the truck and that such action violated District procedures,
- The manager had three sets of tires installed on his 24-hour vehicle well before the end of the tires' useful life because he allegedly did not like the performance or road noise,
- The manager customized his 24-hour vehicle with aftermarket accessories such as a remote starter system, power windows, remote key fob, and a matching hard bed cover that was lockable, had a computer table professionally installed adding that these accessories were not available to other supervisors who were also out in the field. (The complainant believed that the assignment of a 24-hour vehicle to the manager was an excessive benefit and a waste of government funds.)
- The manager wasted District time driving home to obtain an extra set of keys to unlock a vehicle.

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- The manager used his position as a supervisor at the field station to purchase a boat in FY 2003 from a District herbicide vendor. (It should be noted that another complainant made this same allegation in FY 2007. Our office investigated the allegation in FY 2007 that he used his position with the District to purchase a boat from the herbicide vendor at a bargain price and exonerated the manager).

Assignment of a 24-hour vehicle is based on the sole discretion of District management and we found the manager did not violate District policies, procedures or management directive. We also found that all Field Station Assistant Superintendents were assigned 24-hour vehicles. There were no violations of District policies or procedures related to the manager's use of his 24-hour assigned vehicle to transport a kayak in the truck bed and represented de minimus personal use with no additional cost to the District.

We also found that no policies, procedures or vegetation management directives were violated when the manager took a vegetation management truck home with the herbicides locked and secured in the vehicle.

The allegation regarding tire replacements being a waste of resources was not sustained since there was no evidence to prove or disprove this allegation.

Accessory purchases for the manager's assigned vehicles indicated that they were made in accordance with Procurement Bureau's policies and procedures, even though, the manager's approved some of the accessory requisitions for his 24-hour assigned truck. However, we found that the field station did not adhere to the Operations, Maintenance and Construction Division's internal policy, which requires approval by the Field Operations North Bureau Chief for vehicle/equipment modification. Further, we questioned the validity of the justification for the requisition of certain accessories.

The allegation contending that the manager incorrectly charged the time spent driving to and from his home and the St. Cloud Field Station in his personal vehicle to retrieve an extra key to unlock the vehicle is unfounded.

**Investigation of Alleged District Non-Compliance
With State Statute
*Project No. 14-14***

We investigated a complaint that was received from a citizen alleging that the District had not complied with the provisions of subsection 373.079(4)(a), Fla. Stat., which requires the District to provide a process for referring permit application denials or petitions for variances or waivers to the Governing Board for final action. The complainant filed a *Request for Verification of Exemption*, which requested the District to confirm exemptions from the need for an Environmental Resource Permit. After considering the request, the District did not confirm the request for permit exemption.

The complainant thereafter filed a Petition for Formal Administrative Hearing. A hearing was held before an administrative law judge on March 4-5, 2014. A Recommended Order was issued on May 16, 2014. Exceptions were filed by the parties. The Final Order was considered by the Governing Board on August 14, 2014. The complainant made a 10-minute presentation before the Governing Board, before the Governing Board ruled. A Final Order was issued on August 14, 2014.

A *Request of Verification of Exemption* does not constitute a permit application, or a petition for variance or waiver of permitting requirements. Thus, subsection 373.079(4)(a), Fla. Stat., does not apply to the type of request filed by the complainant and therefore did not require final action by the Governing Board.

We also conclude that, although not applicable, the District does have a process in place to comply with the statutory requirement of subsection 373.079(4)(a), Fla. Stat., that requires referring denials of permit applications, petitions for variances, or waiver of permitting requirements under Part IV to the Governing Board for final action. Moreover, despite the fact that final action could have been taken by the Executive Director pursuant to delegation by the Governing Board, the Governing Board nonetheless considered the record and the Recommended Order and took final action on this *Request for Verification of Exemption*. It heard the arguments of the parties in the public hearing on August 14, 2014, and thereafter took final action. Therefore, the complainant's allegations that the District failed to comply with subsection

373.079(4)(1), Fla. Stat., although not applicable, were rendered moot. We therefore conclude that the allegation was unfounded.

OTHER PROJECTS

Administrative Projects

During FY 2014 our office completed the following administrative projects:

- Developed the annual audit plan.
- Completed the Office of Inspector General Annual Report.
- Maintained and updated the Office of Inspector General Web Site.
- Managed the contract with McGladrey, LLP, for External Independent Auditing Services. The District received an unqualified opinion on its financial statements for the year ended September 30, 2014.
- Coordinated an audit performed by the Florida Auditor General's Office.
- Coordinated the solicitation, preparation, and evaluation of a Request for Proposal for the External Independent Audit Services contract. McGladrey, LLP was again selected as the most qualified firm to continue servicing the District.