



## **Approved Audit Plan For Fiscal Year 2017**

**Prepared by**  
Office of Inspector General

**J. Timothy Beirnes, CPA, Inspector General**



# SOUTH FLORIDA WATER MANAGEMENT DISTRICT

## MEMORANDUM

**To:** Governing Board Members

**From:** J. Timothy Beirnes, CPA, Inspector General,  
Office of Inspector General

**Date:** November 11, 2016

A handwritten signature in blue ink, appearing to be "JTB", is located to the right of the "From:" field.

**Subject: Approved Audit Plan for Fiscal Year 2017**

I am pleased to present our Approved Audit Plan for Fiscal Year 2017. The development of the plan was shaped using a systematic approach to help us decide what audits need to be done. The planning process helps us to develop the theme for our audits and identify an appropriate mix of various types of audits. The audit plan helps us to determine how we can best allocate our resources and capitalize on our individual strengths.

Effective audit planning is crucial to the success of the Inspector General's Office. Our planning process involved understanding our responsibility, recapping where we have been, and identifying the auditable universe and the risks associated with various programs and activities. The Internal Audit Charter requires the Governing Board to approve the final annual audit plan. The proposed plan was approved by the Audit and Finance Committee on October 13, 2016.

### **Our Guidance**

The first step in our current planning process was to ask ourselves what is the Inspector General Office's mandate. Our mandate to perform audits is clearly specified in Section 20.055 F.S., *Agency Inspectors General*. It states that in carrying out our audit mandate we should:

1. Review and evaluate the internal controls that ensure fiscal accountability.
2. Review post audit sampling of payments and accounts, where appropriate.
3. Advise in the development of performance measures for evaluating District programs.
4. Conduct financial, compliance, electronic data processing and performance audits of the District.

While the scope and assignment of audits is entirely left to the discretion of the Inspector General, the statute provides that the agency head may, at any time, direct the Inspector General to perform an audit of a program function or organizational unit. In the past, we received a number of requests from both the Governing Board and District staff to perform necessary Inspector General project's. Therefore, executing our work plan necessitates flexibility to accommodate special requests and investigations.

### **Our Planning Approach**

Each year the District prepares an annual work plan to guide management and staff in fulfilling the District's mission. The annual work plan is the product of the yearly planning cycle, which is the approach to establishing priorities, allocating resources, implementing projects, and providing accountability. The budget process then allocates resources to accomplish the planned activities.

Our audit planning process began with reviewing the FY 2017 Budget to identify those programs, activities and functions that we consider present potential risk to the District. In addition to specific programs, we also focused on identifying processes that are critical to the planning cycle that affect all programs.

The audit plan reflects a consideration of risk and its relationship to the District's mission and objectives. The most ubiquitous risks to the District's mission revolve around spending, operations, data integrity and reliability, disaster recovery/contingency planning, regulatory compliance, and public perception. Some District programs, such as our many restoration projects, depend on land acquisition and construction processes, which represent high risks due to the mere magnitude of the financial resources to be consumed. Others, such as regulation, have inherent risks that are not necessarily related to program expenditures or dollar magnitude but rather represent high risk due to the nature of the function where consistency, objectivity, integrity, and strict adherence to rules and regulations are essential.

Our audit plan is designed to provide sufficient coverage over time to reach all significant program areas. During FY 2017, we will continue to use our best judgment in prioritizing audit activities so as to be responsive to the most immediate needs of the District's Governing Board and executive management. Our approved work plan for FY 2017 provides audit projects for specific District programs, as well as, audits of processes that affect all District programs.

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Provision is also made for following up on the status of implementing prior audit recommendations as required by *Government Auditing Standards* and the District's *Internal Audit Charter*. Additionally, the audit plan provides flexibility to investigate Whistle-blower complaints and for special audit requests from the Governing Board and senior District management.

The attached schedule details our approved Audit Plan for Fiscal Year 2017.

cc: Peter Antonacci  
Brian Accardo  
Terrie Bates  
Dorothy Bradshaw  
Jill Creech  
Karen Estock  
Len Lindahl  
Ernest Marks  
John Mitnik  
Duane Piper

## Approved Audit Projects FY2017

## Programs

### **Audit Projects**

**Audit of Operations & Maintenance Capital Program**

**Audit of Land Surveying Contracts**

**Audit of CERP Cost Share for Operations & Maintenance (OMRR&R) Costs**

**Audit of the Vegetation Management Program**

**Audit of Kissimmee River Restoration Cost Share for Real Estate Expenditures**

**Audit of the Integrated Real Estate Information System (IRIS)**

**Operation & Maintenance of Lands and Works**

**Acquisition, Restoration and Public Works**

**District Management and Administration**

### **Recurring Audit Projects**

**Audit Follow-Up**

**Investigations of Complaints**

**Special Audit Requests - Governing Board & Management**

**Periodic Monitoring of Procurement Card Transactions**

**All Programs**

**District Management and Administration**

### **Administrative Projects**

**Prepare Audit Plan for Fiscal Year 2018**

**Prepare Inspector General Annual Report**

**South Florida Water Management District  
Office of Inspector General  
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Division	Bureau/ Section	Project Title	Background	Objectives	Rational for Audit
<b>Audit Projects</b>					
<b>Operations, Engineering &amp; Construction</b>	<b>Engineering &amp; Construction</b>	<b>Audit of Operations &amp; Maintenance Capital Program</b>	An IG audit report issued in August 2001 concluded that an comprehensive O&M Capital Management plan was needed and that a baseline engineering inspection needed to be performed to assess the current condition of all District structures. Further, the 2001 audit concluded that budget funding for the program need to be significantly increased to address the accumulating backlog of structures deemed to be in critical need of refurbishment.	Assess the current status of the O&M Capital Maintenance Program in meeting the District's flood control mission.	The last audit of this program was performed 15 years ago and this audit will assess the progress made over the past 15 years in address the current status of the program's objectives.
<b>Operations, Engineering &amp; Construction</b>	<b>Infrastructure Management</b>	<b>Audit of Land Surveying Contracts</b>	The District engages various firms to provide land surveying for land acquisition and project needs. Work is generally allocated among a list of prequalified firms on a work-order basis.	Examine the process for procuring and managing contracts for vendors providing land surveying services.	The land surveying process has not been previously audited.
<b>Field Operations &amp; Land Management/ Finance and Administration</b>	<b>Field Operations; &amp; Accounting</b>	<b>Audit of CERP Cost Share for Operations &amp; Maintenance (OMRR&amp;R) Costs</b>	The CERP Master Agreement with the US Army Corps of Engineers provides for a 50/50 cost share for operations, maintenance, repair, replacement, and rehabilitation (OMRR&R) for CERP projects after they are placed in service.	Examine the District's system for identifying and tracking CERP OMRR&R cost to determine whether the system is effective in capturing all eligible CERP costs.	The first CERP project is now completed and placed in operation.

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Field Operations and Land Management	Land Resources	Audit of the Vegetation Management Program	The District's Vegetation Management Division is responsible for managing and controlling invasive non-native vegetation. The Florida Department of Environmental Protection also contracts with the District to perform vegetation treatments. The District also outsources some of the vegetation treatment work.	The audit will assess whether: (1) The program is meeting its goals (2) Reporting requirements are being met.	The last audit of this program was performed in FY2010.
Office of Everglades Policy & Coordination	Office of Federal Policy & Coordination	Audit of Kissimmee River Restoration (KRR) Cost Share for Real Estate Expenditures	In 1992, the U.S. Congress authorized the Kissimmee River Restoration and the Headwaters Revitalization Projects (the "KRR"). The KRR project is a \$578 million partnership between the U.S. Army Corps of Engineers (USACE) and the SFWMD (Local sponsor). A large portion of the projects expenditures will be cost shared 50/50 between the SFWMD and USACE. The District will provide most of the land and the USACE will incur most of the engineering and construction cost. The District is also incurring some non-land cost, which must also be submitted to the USACE in order to receive credit towards the non-federal 50% share of the project cost.	Examinee the District's process for preparing In-Kind Credit Requests for Real Estate expenditures to ensure the District is requesting credit for all eligible costs related to the KRR project. Also determine that adequate supporting documentation is maintained for such expenditures.	Failure to claim credit for eligible expenditures that may have been overlooked would result in additional cost to the District.
Information Technology	Applications Section	Audit of the Integrated Real Estate Information System (IRIS)	The Integrated Real Estate Information System (IRIS) is an enterprise system Land Resources uses to manage and account for land acquisitions and land management activities.	We will perform a system review to ensure that: (1) The system provides the desired operational and business needs. (2) Physical computer assets are adequately safeguarded. (3) Technical administrative support is adequate. (4) User needs are being properly supported and measured. (5) The system contains adequate access controls to prevent unauthorized access.	Land acquisition activities support other District programs - such as CERP and Kissimmee River Restoration. System review will ensure that the system is functioning as designed and that the system is used in a manner that maximizes its benefits.



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<b>Recurring Audit Projects</b>					
All Divisions	All Bureaus	Audit Follow-Up	Generally Accepted Government Audit Standards require follow-up regarding the implementation status of pervious audit findings and recommendations.	Verify that recommendations in prior audit reports have been appropriately implemented in a timely manner and provide a written report to the Executive Management team and the Governing Board.	Follow-up on previous audit recommendations is required by Government Auditing Standards and the District's Internal Audit Charter.
All Divisions	All Bureaus	Investigate Whistle-Blower and Other Complaints	The Office of Inspector General periodically receives Whistle-Blower complaints. Our office has a statutory responsibility to investigate these complaints and issue a report of our findings and conclusions.	Review each complaint to assess its validity. Whistle-blower complaints are received intermittently during the year.	The IG is responsible for performing investigations per Section 20.055, F. S., and the District's <i>Internal Audit Charter</i> .
All Divisions	All Bureaus	Audit Requests from Governing Board and Senior District Staff	The Inspector General's Office will entertain requests for audit and investigations from Governing Board and Senior District Staff on an as needed basis.	As specified in the Inspector General Act & District Policy (Internal Audit Charter)	Provides flexibility in the audit plan to accommodate special requests for audits and investigations from the Governing Board and senior management that arise throughout the year.
Administrative Services	Procurement	Monitoring of Procurement Card Transactions	The District issues procurement cards to certain District employees to provide an efficient payment method for small purchases. The Procurement Department manages the program.	Preiodically examine procurement card transactions to ensure that they are: 1) Appropriate District expenditures. 2) Contain adequate supporting documentation. 3) Properly recorded in the accounting records.	Although procurement cards are used to pay for small purchases, they represent a significant number of transactions annually.



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<b>Administrative Projects</b>					
N/A	N/A	Audit Plan for Fiscal Year 2018	The Audit and Finance Committee Charter requires the Inspector General to submit an annual work plan to the committee for approval	Prepare an annual work plan and submit it to the Audit and Finance Committee for approval in accordance with the Audit and Finance Committee Charter.	N/A
N/A	N/A	Office of Inspector General Annual Report	State Statutes, Section 20.055(7) requires the Inspector General to submit an annual report to the agency head.	Prepare an annual report summarizing each audit and investigation completed during the year.	N/A