



SOUTH FLORIDA WATER MANAGEMENT DISTRICT

MEMORANDUM

To: Governing Board Members

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

Date: April 13, 2011

Subject: Inspector General's Activity Report

A handwritten signature in blue ink, appearing to be "J.W. Williams", is written over the "From:" field.

PROJECTS COMPLETED

Since our last Activity Report, our Office has completed the following projects:

Audit of RECOVER Program Project No. 10-07

Project Type: Performance Audit

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

IG's Activity Report

April 13, 2011

Page 2 of 8

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

	CORPS	SFWMD	TOTAL
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, has 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 will reach nearly \$90 million.

Several Key issues noted in the report are as follows:

- We noted however, that the RECOVER Program Management Plan has 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 has 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 has been charging expenditures related to climate change monitoring to RECOVER, while the District has not. Further, the District does not specifically track climate change monitoring expenditures and is not able to submit them for Work-In-Kind credit under the cost sharing agreement.
- A provision in the Design Agreement states that the Non-Federal Sponsor (the District) is responsible for complying with the Single Audit Act of 1984, which requires a single or program specific audit of Non-Federal entities that expend \$300,000 or more per year in Federal awards. The District has been unable to comply with the Single Audit requirements contained in the Design Agreement with the Corps due to the Corps' lack of cooperation in providing and confirming the amount of their financial assistance to the CERP program. However, since the Corps expenditures for cost share projects are the actual federal financial assistance, and considering that the Corps is the entity in control over such expenditures, it is questionable what additional audit assurance the Single Audit provision in the Design Agreement provides to the Corps.

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

Project Type: Performance Audit

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 adequate controls in place to ensure that access to District accounts are disabled, District property is retrieved, and security access is deactivated when employees, interns, and contract workers separate from the District. However, we 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 appears 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 are 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.

Review of Executive Director's Travel Expenses

July 1, 2010 – December 31, 2010

Project No. 11-08

Project Type: Review

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 polices and procedures.

PROJECTS IN PROGRESS

Our Office is currently working on the following projects:

No.	Project	Objectives	Status
10-23	Audit of Compensatory Time	We are assessing the sufficiency of internal controls to ensure reasonable compliance with policies governing compensatory time.	Draft Report Prepared
10-18	Investigation Regarding Affiliation of Two Certified SBE Firms	We are investigating two SBE firms that appear to be affiliated to determine whether they meet the SBE Rule's criteria.	Fieldwork in Progress
10-26	Audit of GEPS Contracts	<p>We are examining the General Engineering & Professional Services (GEPS) contracts to determine that:</p> <ul style="list-style-type: none"> • Work is equitably spread around among qualified firms. • Vendors are fulfilling SBE commitments. 	Draft Report issued
11-05	Audit of IT Disaster Recovery Plan	<p>We are examining the District's disaster recovery plan to determine that:</p> <ul style="list-style-type: none"> • The District has a comprehensive up-to-date disaster recovery plan • Has defined locations where the disaster recovery plan could be executed, and • That the disaster recovery plan was periodically tested and any necessary adjustments were incorporated into the plan. 	Fieldwork in Progress
11-04	Review of Cost Savings from In-Sourcing	We are analyzing those instances where contract workers have been replaced with FTE's to assess how effectively the change has been working and determine the actual cost savings realized.	Fieldwork in Progress
11-09	Audit of Water Quality Program	We are examining the District's methodology for fulfilling its water quality mission by assessing whether it provides a cohesive approach to addressing water quality issues.	Planning Phase

IG's Activity Report

April 13, 2011

Page 6 of 8

No.	Project	Objectives	Status
11-11	Audit of Surplus Land Identification and Disposal	We are examining the criteria and process for identifying surplus land parcels and for disposing of such parcels.	Planning Phase
11-06	Investigation Re: Allegation Farmer Illegally Flooding Private Property	We are investigating a complaint that a farmer is illegally discharging water onto his property and further alleges that District enforcement staff is allowing the flooding despite his complaints alleging permit violations.	Fieldwork in Progress
11-10	Investigation of Alleged Hiring of Illegal Aliens by District Contractor	We received an anonymous complaint that two subcontractors on a District project were using illegal alien workers. We are investigating the allegations to determine whether they have any merit.	Fieldwork in Progress

ENGINEERING AUDITOR UPDATE

SFWMD/USACE

- Continued interaction with USACE in Jacksonville, attendance at project meetings, coordination with USACE and SFWMD staff. Coordination with USACE Division and Headquarters.

USACE/SFWMD Activities

- Meeting and presentation to 298 districts adjacent to Herbert Hoover Dike and Lake Okeechobee at their annual meeting (guest speaker).
- Conducted site visits and briefings for senior USACE staff from Jacksonville office - Steve Duba(engineering), Becky Griffith(planning), Jack Rintoul (construction). Visited construction sites from Kissimmee River to South Dade. Observation and review of SFWMD efforts re STA/WQ projects which are in addition to our efforts with the USACE team.
- Attended ground breaking for Picayune Strand Pump Station Project, conducted field visits and inspections of SFWMD projects south of Lake Okeechobee.
- Participated in meetings with USACE, DOI, SFWMD etc. re water quality efforts and future CERP efforts.
- Project/engineering design issues with C-44 Reservoir Contract 1 and Contract 2 (additional issues re interim operations plan for phased construction of reservoir component), Nubbins Slough(corrections to intake system, sedimentation issue with forebay area, Taylor Creek STA repairs and commissioning for acceptance by SFWMD, Site 1 Impoundment Phase II design and cost issues, Ten Mile Creek, L-6 Mods/USACE 408 Process – Baseline Modeling effort joint project with USACE/SFWMD.
- USACE Project Review Board – participated in PRB meetings with USACE staff in Jacksonville. Discussed status of project schedules/funding/design/construction and other issues.
- RECOVER Program – continuing to review efforts completed, cost sharing information and knowledge gained from activities in this program.
- Engineering Design/Construction/Operations – Am participating in various meetings with USACE SAJ staff to facilitate communication and issue resolution.
- C44 and other projects -AgroChemical Issues – working with USACE and SFWMD to resolve issues with Soils Management Plan requirements.

- Everglades Restoration Transition Plan – working with USACE to involve SFWMD in meetings and agreements related to the operational plan changes related to completion of restoration projects. Also includes efforts in the Baseline Modeling project.
- USACE 408 Process – working with USACE and SFWMD to resolve issues related to work effort required to proceed with projects which modify the C&SF Flood Control Project. This effort relates to concerns over levee safety and protection integrity for projects that modify the C&SF project works. Also includes efforts in the Baseline Modeling project.
- East Coast Protective Levee – Continued participation with USACE and SFWMD staff regarding modifications and approval processes.
- Tribal Coordination - working with USACE and SFWMD regarding activities which require coordination with tribes in South Florida region.
- ERTTP (Everglades Restoration Transition Plan) – participating in meetings with USACE related to activities in development of operational plan changes. Also includes efforts in the Baseline Modeling project.

OTHER MATTERS

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

C: Carol Wehle
Tom Olliff
Sheryl Wood