

**SUWANNEE RIVER WATER MANAGEMENT DISTRICT
AUDIT COMMITTEE MEETING AGENDA**

In compliance with Governor DeSantis Executive Order 20-52 which outlines measures to mitigate COVID-19, the District is hosting the April Governing Board meeting via communication media technology and/or remote conferencing technology.

**The Meeting will be conducted via *GoTo Webinar* for Presentations Only
with a separate call-in number for the Audio**

GoTo Webinar Link: <https://attendee.gotowebinar.com/register/178251034013180939>

Audio: Toll Free 1-888-585-9008 - **Conference Room Number:** 704-019-452 #

July 14, 2020
Following Board Meeting

1. Call to Order / Committee Roll Call

2. Public Comment

3. Discussion Item

- Inspector General Report 20-02 – Corrective Action Status – Auditor General Operational Audit 2020-106
- External Financial Audit Services
- Banking Services
- Investment Plan

4. Announcements

5. Adjournment

Recommended Additions:

A person may not lobby the District until such person has registered as a lobbyist with the Contracts and Procurement Coordinator by filing a registration form.

Definitions:

•"Lobbies" is defined as seeking to influence a district policy or procurement decision or an attempt to obtain the goodwill of a district official or employee. (112.3261(1)(b), Florida Statutes [F.S.]

•"Lobbyist" is a person who is employed and receives payment, or who contracts for economic consideration, for the purpose of lobbying, or a person who is principally employed for governmental affairs by another person or governmental entity to lobby on behalf of that other person or governmental entity. (112.3215(1)(h), F.S.)

SUWANNEE RIVER WATER MANAGEMENT DISTRICT

MEMORANDUM

TO: Audit Committee

FROM: Pam Shaw, Chief, Office of Finance

THRU: Steve Minnis, Deputy Executive Director, Business and Community Services

DATE: July 1, 2020

RE: Inspector General Audit Report #20-02 from Law, Redd, Crona & Munroe, P.A.

RECOMMENDATION

Staff requests the Audit Committee recommend to the Governing Board to accept the Inspector General Audit Report #20-02 from Law, Redd, Crona & Munroe, P.A. Inspector General.

BACKGROUND

Pursuant to section 20.055(6)(h), Florida Statutes, the Inspector General shall monitor the implementation of corrective actions taken, by the District, toward recommendations made by the Auditor General in any report. The Inspector General's written response is due no later than six months after the Auditor General's report is published.

The Inspector General's report contains no findings and considers all Auditor General findings from Report No. 2020-106 corrected.

PS/rl
Attachment

**SUWANNEE RIVER
WATER MANAGEMENT DISTRICT**

**FOLLOW-UP REPORT ON
DISTRICT CORRECTIVE ACTIONS
REGARDING
AUDITOR GENERAL AUDIT REPORT NO. 2020-106**

REPORT #20-02

June 30, 2020

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Law, Redd, Crona & Munroe, P.A.
Certified Public Accountants

June 30, 2020

Governing Board
Suwannee River Water Management District
9225 CR 49
Live Oak, Florida 32060

Pursuant to Section 20.055(6)(h), Florida Statutes, as the District's Inspector General we are reporting on the status of the Suwannee River Water Management District corrective actions taken on the findings and recommendations in the Auditor General's Operational Audit Report No. 2020-106, dated January 2020. A copy of this report is also being filed with the Joint Legislative Auditing Committee.

If you have any questions regarding this report, please contact Richard Law, C.P.A. or Jon Ingram, C.P.A.

Sincerely,

LAW, REDD, CRONA & MUNROE, P.A.

FOLLOW-UP ON AG REPORT NO. 2020-106

June 30, 2020

BACKGROUND

In January 2020, the Auditor General released Audit Report No. 2020-106, Operational Audit of the Suwannee River Water Management District (District). This report focused on selected District processes and administrative activities and contained three findings and recommendations for improvement.

Pursuant to Section 20.055(6)(h), Florida Statutes, the District's Inspector General is required to report to the Executive Director on the status of corrective actions taken on the Auditor General's report.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objective of this follow-up engagement was to determine the status of corrective actions taken by the District to address the findings and recommendations in Auditor General Report No. 2020-106.

The scope of our follow-up activities focused on District actions taken to address findings and recommendations made by the Auditor General in the following categories:

- 1) Conflicts of Interest
- 2) Agricultural Cost-Share Program
- 3) Information Technology Disaster Recovery Plan

To achieve our objectives, we conducted the following procedures:

- 1) Examined Auditor General Report No. 2020-106, dated January 2020, to ascertain the findings, recommendations, and original District management responses thereto.
- 2) Made inquiries of and obtained representations from District management regarding the current status of corrective actions taken to address the Auditor General findings and recommendations.
- 3) Examined District policies, procedures, reports, and other documentation relating to management's corrective actions.

FOLLOW-UP ON AG REPORT NO. 2020-106

June 30, 2020

SUMMARY OF RESULTS

Our follow-up audit disclosed that District management has corrected the findings and recommendations in the Auditor General's report. Please see Appendix A of this report for a detailed schedule of the current status reported by management regarding each of the Auditor General's findings and recommendations.

We wish to take this opportunity to thank District staff for their assistance and cooperation in this endeavor. If there are any questions regarding this report, please feel free to contact Richard Law, C.P.A. or Jon Ingram, C.P.A.

Law Redd Crona + Munroe P.A.

LAW, REDD, CRONA & MUNROE, P.A.

FOLLOW-UP ON AG REPORT NO. 2020-106

June 30, 2020

Appendix A Schedule of District Corrective Action for Auditor General Report No. 2020-106 June 2020	
Finding 1: Conflicts of Interest	
AG Finding Summary	State law prohibits a Board member from having a contractual relationship with any business entity that does business with the District. However, two Board members received District awards totaling \$10,450 without documented legal determinations of the authority for these awards.
AG Recommendation	Board policies should be revised to require documented legal determinations to help evaluate whether potential conflicts of interest are contrary to State law. In addition, the District should seek guidance from the Commission on Ethics regarding the identified potential conflicts of interest and, based on the guidance obtained, determine whether the District should discontinue cost-share project contract awards to Board members.
Original District Response	<p>The District has initiated annual Governing Board workshops reviewing the Sunshine Law and Code of Ethics as set forth in Chapter 112, Part III, F.S. Also, the District updated the Agricultural Cost-Share Program Procedure effective August 2019 to reduce risk of potential conflicts of interest. Furthermore, in addition to an updated Ethics Policy for employees effective October 2019, the District will implement a Code of Ethics Directive for Governing Board Members which among other things will address legal determinations for evaluating potential conflicts of interest.</p> <p>In response to the concerns raised in this audit, the General Counsel on September 24, 2019 advised the Governing Board to no longer apply for or participate in any subsequent agricultural cost-share programs. Since Governing Board Members are no longer eligible for agricultural cost-share participation it is the District's opinion that seeking guidance from the Commission on Ethics is not necessary.</p>
Status per Management as of July 2020	The Ag Cost-Share agreements with the two Board members have expired. Pursuant to the General Counsel's recommendations, the Code of Ethics Directive regarding potential conflicts of interest, and updated District policy, the District now excludes Board members, officers, and employees from cost share programs.

FOLLOW-UP ON AG REPORT NO. 2020-106

June 30, 2020

Finding 2: Agricultural Cost-share Program	
AG Finding Summary	District records did not always demonstrate compliance with Board policies and procedures governing receipt and use of agricultural cost-share funds.
AG Recommendation	<p>The District should:</p> <ul style="list-style-type: none">• Define who should participate on the AG Team and how the team should function to ensure compliance with Board policies by prioritizing program project proposals and recommending projects to the Board for Program funding.• Maintain copies of properly completed Program project applications evidencing how applicants met the Program eligibility requirements.• Conduct, and maintain records of, onsite monitoring and visual verifications of equipment installations for Program projects before reimbursements are made.• Document District review procedures to ensure that Program project recipients do not receive cost-share project funding from both the District and FDACS for the same projects.• Establish documented monitoring procedures to ensure that the Program objectives are met and District benefits are realized.• Require and ensure the project manager documents consideration of potential conflicts of interest while reviewing Program project applications.

FOLLOW-UP ON AG REPORT NO. 2020-106

June 30, 2020

Finding 2: Agricultural Cost-share Program (continued)	
Original District Response	<p>The Agricultural Cost-Share Directive effective May 2019 and Agricultural Cost-Share Programs Procedure effective August 2019 were revised to clarify the program staff’s responsibilities, how projects are prioritized, and reflect current practices. All references to the AG Team have been eliminated.</p> <p>The District agrees with the importance of maintaining copies of properly completed applications and evidence of the applicant’s program eligibility. An application review checklist has been developed to ensure applications are properly completed and to demonstrate program eligibility.</p> <p>The District Agricultural Cost-Share Programs Procedure effective August 2019 requires invoices to provide the appropriate documentation for program area specific cost-share items. The Directive and Procedure will be updated to require onsite monitoring and visual verifications where practicable prior to making reimbursements. The program manager will review recipient list with FDACS on a quarterly basis to avoid duplicate awards and will revise the procedure accordingly.</p> <p>The District has a long-term monitoring program that analyzes trends. The District’s hydrological monitoring network consists of 252 groundwater level sites, 48 surface water sites of which nine are springs, 42 rain gauges sites, and eight daily discharge sites. Discharge is measured intermittently at 51 springs on either a quarterly (16 locations), bi-annual (24 locations), or annual (11 locations) basis. Water Quality sampling is conducted at 69 groundwater sites and 106 surface water sites of which 55 are springs.</p> <p>The District’s agricultural monitoring program requires monitoring of wells greater than eight inches inside diameter and surface water withdrawals with an outside diameter of six inches or greater. The District will update the Agricultural Cost-Share Directive to include monitoring practices for assessing project benefits.</p> <p>The Agricultural Cost-Share Directive effective August 2019 requires that project applications are reviewed for potential conflicts of interest and any such conflict will be documented.</p>
Status per Management as of July 2020	<p>As described in our original response to the Auditor General’s finding, the District has enhanced its documentation of the review process for Ag Cost-Share applications, including considerations of potential conflicts of interest and applicant participation in other entities’ funding programs. Project files also include documentation of onsite monitoring procedures conducted to ensure that program objectives have been met.</p>

FOLLOW-UP ON AG REPORT NO. 2020-106

June 30, 2020

Finding 3: Information Technology Disaster Recovery Plan	
AG Finding Summary	The District had not established a comprehensive disaster recovery plan.
AG Recommendation	The District should establish a comprehensive IT disaster recovery plan that's includes the necessary critical elements and details and ensure that the plan is tested at least annually.
Original District Response	The District established a comprehensive IT disaster recovery plan effective December 2019 as recommended.
Status per Management as of July 2020	<p>We have modified the IT Disaster Recovery Plan (IT DRP) to reflect enhancements to our backup and recovery procedures. These include changing to a powerful new backup software application in late 2019 that provides for faster recovery of servers and files. Changes also include the selection of a cloud service provider in February 2020 that provides cloud-based storage for backups as well as assistance in system testing and recovery. Using the cloud service provider's data center resources, backups can be rapidly restored and brought online for testing and recovery.</p> <p>Testing of server backups and restoration has been completed for critical servers, but the process should be adequate for all servers. At this time, backups of all high priority servers identified in the IT Disaster Recovery Plan (IT DRP) are copied to the cloud provider's data center immediately following the scheduled backup. Additional funding has been established in the FY 2021 preliminary budget and the plan will be to implement Disaster Recovery as a Service (DRaaS), including replication of critical servers, soon after October 1, 2020.</p>