

AGENDA
SUWANNEE RIVER WATER MANAGEMENT DISTRICT
AUDIT COMMITTEE MEETING

OPEN TO THE PUBLIC

February 12, 2019
Following Board Meeting

District Headquarters
Live Oak, FL

1. Call to Order / Committee Roll Call

2. Public Comment

3. Discussion Item

- Acceptance of the Inspector General Audit Reports #19-01 from Law, Redd, Crona & Munroe, P.A., Inspector General

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.)

MEMORANDUM

TO: Audit Committee

FROM: Pam Shaw, Chief Financial Officer

DATE: January 15, 2019

RE: Acceptance of the Inspector General Audit Reports #19-01 from Law, Redd, Crona & Munroe, P.A., Inspector General

RECOMMENDATION

Staff requests, that the Audit Committee recommend to the Governing Board to accept the Inspector General Audit Reports #19-01 from Law, Redd, Crona & Munroe, Inspector General.

BACKGROUND

Law, Redd, Crona & Munroe, P.A. prepared the following Inspector General Audit Reports per the Fiscal Year 2018-19 Internal Audit Work Plan including:

- Report #19-01, dated January 15, 2019 - Follow-up Report on District Corrective Actions Regarding Prior Internal Audit Findings

Staff provided support to Law, Redd, Crona & Munroe during the audit process.

/ps
Attachment

**SUWANNEE RIVER
WATER MANAGEMENT DISTRICT**

**FOLLOW-UP REPORT ON DISTRICT CORRECTIVE ACTIONS
REGARDING
PRIOR INTERNAL AUDIT FINDINGS**

REPORT #19-01

January 15, 2019



Law, Redd, Crona & Munroe, P.A.

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Law, Redd, Crona & Munroe, P.A.

Certified Public Accountants

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

Pursuant to Section 20.055(8)(c)4., Florida Statutes, and the District's internal audit activity charter, as the District's Inspector General we are reporting on the status of the Suwannee River Water Management District corrective actions taken on our prior internal audit findings and recommendations disclosed during the period October 1, 2015, through September 30, 2018.

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.

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

Tallahassee, Florida

January 15, 2019

FOLLOW-UP ON PRIOR INTERNAL AUDIT FINDINGS AND RECOMMENDATIONS

January 15, 2019

BACKGROUND

Pursuant to Section 20.055(8)(c)4., Florida Statutes, and the internal audit activity charter, the District's Inspector General is required to follow up and report on the status of management's corrective actions taken on findings and recommendations disclosed in previous internal audit reports.

During the three-year period of October 1, 2015, through September 30, 2018, we issued 7 internal audit reports, including 2 reports that contained 7 findings and recommendations, as listed in the table shown in the Observations and Recommendations section of this 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 previous internal audit reports issued during the three year period of October 1, 2015, through September 30, 2018

The scope of our follow-up activities focused on District actions taken to address internal audit findings and recommendations in the following categories:

- 1) Payroll and Related Human Resource Processes (Internal Audit Report No. 16-02)
- 2) Information Technology (IT) Controls (Internal Audit Report No. 17-01)

To achieve our audit objectives, we conducted the following procedures:

- 1) Examined internal audit reports issued during the preceding three-year period to identify 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 prior internal audit findings and recommendations.
- 3) Examined District plans and other documentation relating to management's corrective actions.

Follow-up on Prior Internal Audit Findings and Recommendations

- 4) On a sample basis, tested District compliance with employee new hire and termination processing procedures.
- 5) Conducted other tests as necessary to accomplish our follow-up audit objectives.

OBSERVATIONS AND RECOMMENDATIONS

Our audit disclosed that the District has made progress in addressing the findings and recommendations disclosed in our internal audit reports issued during the three previous fiscal years. For a list of the prior internal audit findings and the results of our follow-up on each finding, please see the following table.

Internal Audit Findings 10/1/2015 – 9/30/2018 Corrective Action Status		
Report	Finding	Status at June 2018
16-02 Payroll and Related Human Resources Processes	Finding 1: Segregation of Duties	Corrected
	Finding 2: Termination Checklists	Corrected
	Finding 3: Deduction Documentation	Corrected
	Finding 4: Completeness of I-9 Documentation	Corrected
17-01 IT Controls	Finding 1: Administrator Account	Corrective Action in Progress
	Finding 2: Removal of Former Employee Access	Corrected
	Finding 3: Other IT Control Findings	Corrective Action in Progress

As shown above, the District is still in the process of addressing some of the previously reported internal audit findings. The current status of the items in progress is described in the following paragraphs.

1) Periodic Re-performance of Employee Background Screening

For employees holding positions with sensitive responsibilities or high-level access to assets or information, re-performance of employee background screening on a periodic basis can assist management in timely detecting and responding to situations or events that may be relevant to the employee's continued trustworthiness in performing sensitive or critical responsibilities. Periodic screening also reminds employees of the importance and sensitivity of the position they hold.

In our internal audit report No. 17-01, dated May 4, 2017, we noted that the District was in the process of evaluating procedures to enhance background screening such as periodic re-screening of employees in sensitive positions.

Our current audit disclosed that the District has identified sensitive positions and the Human Resources (HR) Administrator has made recommendations with regard to periodic re-screening of employees in sensitive positions. The District is in the process of updating all policies and plans to incorporate background re-screening during the 9/30/19 fiscal year.

Upon our audit inquiry, District management indicated that no IT personnel were identified as working in sensitive positions. Because key IT personnel often need elevated access privileges to perform their duties, we recommend District management consider designating their positions as sensitive and include them within the scope of periodic background re-screening.

Recommendation:

The District should proceed with plans to implement periodic background re-screening for persons working in sensitive positions and consider designating IT personnel with high-level access privileges as sensitive positions.

Management's Response:

The District HR Administrator reviewed background re-screening for sensitive positions from the other Water Management Districts. Based on this review, the District will implement a process for periodic background re-screening, for sensitive positions, including IT personnel with high-level access privileges.

Follow-up on Prior Internal Audit Findings and Recommendations

2) IT Controls

The District was still in the process of addressing IT control-related findings and recommendations noted in our internal audit report No. 17-01, dated May 4, 2017, in the areas of protecting administrator login accounts, IT disaster recovery planning, IT risk assessment, and security incident response planning. We are not disclosing specific details of the issues in this report to avoid the possibility of compromising security over District data and IT resources. However, we have communicated the specific details to District management.

Recommendation:

District management should continue working toward addressing the IT control issues as resources permit.

Management's Response:

The District will continue to implement and budget for the IT control-related issues identified in this internal audit report and report No. 17-01.

CONCLUSION

As discussed above, District management is making progress in addressing the observations and recommendations from our prior internal audit report Nos. 16-02 and 17-01 but some issues remain unresolved. We recommend that management review each issue in this report, determine the cost benefit of the recommendation, and take appropriate action.

We wish to thank District management and staff for their helpfulness and cooperation in this endeavor. If there are any questions regarding our observations or recommendations, please feel free to call Richard Law, C.P.A. or Jon Ingram, C.P.A.

Law Redd Crona & Munroe P.A.
LAW, REDD, CRONA, & MUNROE, P.A.