

**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/6740498168885478159>

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

**Public Comment Form Link:** [www.MySuwanneeRiver.com/Comments](http://www.MySuwanneeRiver.com/Comments)

August 27, 2020  
9:00 a.m.

**1. Call to Order / Committee Roll Call**

**2. Public Comment**

**3. Discussion Item**

- Inspector General Audit Report #20-03 from Law, Redd, Crona & Munroe, P.A.
- Annual Report of District Inspector General Activities for the Fiscal Year 2019-2020
- Inspector General Three-Year Audit Plan for Fiscal Years 2021 to 2023 and the Fiscal Year 2020-2021 Internal Audit Work 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: August 13, 2020

RE: Inspector General Audit Report #20-03- Motor Vehicle Usage and Maintenance and Tangible Personal Property

**RECOMMENDATION**

Staff requests the Audit Committee recommend to the Governing Board to accept the Inspector General Audit Report #20-03 from Law, Redd, Crona & Munroe, P.A.

**BACKGROUND**

Pursuant to the Inspector General's Three-Year Internal Audit Plan for Fiscal Years 2020 to 2022 and the Fiscal Year 2019-2020 Internal Work Plan approved by the Governing Board on October 10, 2019, the Inspector General conducted internal audit procedures to review the District's policies and procedures and internal control processes related to motor vehicles and tangible personal property. The Audit Committee selected this item to be included in the Audit Plan and Work Plans based on the Inspector General's risk assessment activities and discussion with District Management.

The scope of this audit included tests of vehicle use logs, maintenance transactions, tangible personal property acquisitions, dispositions, physical inventory, and recordkeeping. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing and generally accepted Government Audit Standards.

The Inspector General's report contains no findings.

PS/rl  
Attachment

**SUWANNEE RIVER WATER  
MANAGEMENT DISTRICT**

**REPORT ON INTERNAL AUDIT OF  
MOTOR VEHICLE USAGE AND MAINTENANCE  
AND TANGIBLE PERSONAL PROPERTY**

**REPORT #20-03**

**July 20, 2020**

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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

We have performed internal audit procedures at the Suwannee River Water Management District (District) to review the District's policies and procedures and internal control processes related to motor vehicles and tangible personal property.

We conducted this audit in accordance with the International Standards for the Professional Practice of Internal Auditing and generally accepted *Government Auditing Standards*. Those standards require we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The scope and objectives of the internal auditing services are described in the accompanying report, which presents our analysis and is organized as follows:

- Background
- Objectives, Scope, and Methodology
- Summary of Results

The procedures we performed were applied to the District's internal controls related to motor vehicles and tangible personal property. These procedures were accomplished by:

- Obtaining and inspecting the District's policies and procedures;
- Discussions with District staff;
- Testing motor vehicle usage and maintenance logs;
- Testing fixed asset acquisitions and dispositions during the fiscal year, as well as comparing the year-end fixed asset reconciliation to the fixed asset software.

Our procedures were not designed to express an opinion on the overall internal control environment or the internal control and fraud risk associated with the District, and we do not express such an opinion. Additionally, because of inherent limitations associated with internal control systems, errors or fraud may occur and not be prevented or detected by internal controls. Also, projections of any evaluation of the controls to future periods are subject to the risk that procedures may become inadequate because of changed conditions.

This report is intended solely for the information and use of the Governing Board and District management, and is not intended to be used by anyone other than these specified parties.

*Law Redd Crona + Munroe P.A.*

**LAW, REDD, CRONA & MUNROE, P.A.**  
Tallahassee, Florida  
July 20, 2020

**BACKGROUND**

**Motor Vehicle Usage and Maintenance**

The Suwannee River Water Management District maintains an inventory of motor vehicles. Some vehicles are considered “pool vehicles” and are available for reservation by employees for official business purposes, while other vehicles are assigned to specific divisions and shared by staff for division-specific activities. Usage and maintenance of District owned and leased motor vehicles is governed by the District’s Policies and Procedures.

The District’s Pool vehicles are reserved using a Microsoft Outlook Calendar. Authorization for vehicle use is only required if the vehicle is taken overnight or out of the District’s area of responsibility, in which case the employee’s travel authorization form approves the use of the District vehicle. If the vehicle is not taken overnight or out of the District’s area of responsibility, no authorization is required.

Tracking of vehicle use was a manual process until February 2020, when the District went fully digital. Electronic vehicle usage logs are now utilized to track the daily use of pool vehicles. The logs include the vehicle number, name of operator, start date and time, starting and ending mileage, destination, whether or not the vehicle was taken overnight, and public purpose.

On a monthly basis, the consolidated vehicle log reports are reviewed by the District and reconciled to the fuel purchase card invoices. The review process includes reviewing the logs for completeness, which includes the public purpose, destination, date/time and mileage. The overnight and business overnight columns are also reviewed and the fleet tracking software is checked to ensure the authorization for the overnight use is uploaded to the software. The reviewed consolidated report then goes to the Finance department with the fuel purchase card invoice for filing.

**Tangible Personal Property**

State of Florida requirements for the management of tangible personal property owned by local governments are set forth in Chapter 274, Florida Statutes, and Department of Financial Services Rule 69I-73, Florida Administrative Code. Suwannee River Water Management District's Policies and Procedures for Property addresses requirements for property acquisition and recording; maintaining a property inventory system; conducting an annual physical inventory; and disposal of surplus of property.

The Property Administrator/Custodian maintains a detailed subsidiary of all property identified as District operating capital outlay (fixed assets) in the accounting system software. Receiving forms are used to document when property has been ordered and received by District staff. The asset serial number, tag number, and location of asset tag is recorded on the receiving form. Each asset is also assigned a location or room number and a responsible party who will use the asset or who will be in charge of the physical inventory for that item, which will also be documented on the receiving form. After the receiving form is completed and reviewed by Procurement staff and the Property Administrator, the asset and all related data is then entered into the property inventory system.

**OBJECTIVES, SCOPE AND METHODOLOGY**

The overall objectives of this audit were to evaluate selected District internal controls over motor vehicle usage and maintenance and tangible personal property, as set forth in the District's policies and procedures manual. The scope of this audit included tests of vehicle use logs, maintenance transactions, tangible personal property acquisitions, dispositions, physical inventory and recordkeeping.

To achieve our audit objectives for motor vehicle use and maintenance, we conducted the following procedures:

- 1) Tested District compliance with selected motor vehicle usage and maintenance policies and procedures.
  - a. Inspected policies and procedures outlining motor vehicle usage and maintenance.
  - b. Inquired of District Chief Financial Officer regarding the process for approval and review of motor vehicle usage and maintenance.
  - c. Selected a sample from vehicle usage logs to determine proper completion and authorization by supervisor and/or Fleet Manager.
  
- 2) Tested the reasonableness of motor vehicle repair and maintenance costs.
  - a. Obtained motor vehicle service log for the period of October 1, 2019 through March 31, 2020.
  - b. Selected a sample of maintenance costs to test for reasonableness of services performed.

## ***Motor Vehicle Usage and Maintenance and Tangible Personal Property***

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To achieve our audit objectives for tangible personal property, we conducted the following procedures:

- 1) Obtained an understanding of the District's tangible personal property management and recordkeeping process.
  - a. Inspected policies and procedures outlining the processes for tangible personal property acquisition, disposition, and recordkeeping.
  - b. Inquired of District CFO regarding the processes for tangible personal property.
- 2) Examined and agreed the reconciliation of accounting records from the general ledger for the period 10/1/18-9/30/19 with the District's subsidiary property records in the accounting system software for the fiscal year ended 9/30/19.
- 3) Tested a sample of fixed asset additions.
  - a. Inspected the receiving form, noting it was properly completed and signed by the District staff who received the property.
  - b. Verified that the asset receiving form included documentation of the District staff responsible for the asset and the assigned room number, if applicable.
  - c. Inspected procurement documentation for approval by the Procurement Coordinator.
  - d. Verified that the asset was properly entered into the inventory system.
- 4) Tested a sample of fixed asset dispositions.
  - a. Reviewed request for surplus, noting it contained a description of the item, property control number, age, cost, estimated current value, and reason for determination to surplus the item.
  - b. Reviewed Governing Board approval to surplus or dispose of the asset.
  - c. Reviewed Certification of Surplus Property form, if applicable, noting the asset tag was removed from the asset and affixed to the form.
  - d. Verified that the asset was properly removed from the official property inventory records.
  - e. Verified that the disposition was in accordance with Chapters 274.05-274.07 of the Florida Statutes.
- 5) Reviewed District records to determine if annual physical inventories are being conducted.

**SUMMARY OF RESULTS**

Based on the results of our procedures outlined above, the District's policies, procedures and system of control over the motor vehicle usage and maintenance and tangible personal property processes are well documented and followed accordingly.

We wish to take this opportunity to thank the staff for their helpfulness and cooperation in this endeavor. If there are any questions regarding our findings or recommendations, please feel free to call Richard Law or Jon Ingram.

*Law Redd Crona + Munroe P.A.*

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

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: August 13, 2020

RE: Annual Report of District Inspector General Activities for the Fiscal Year 2019-2020

**RECOMMENDATION**

Staff requests the Audit Committee recommend to the Governing Board to accept the Annual Report of the District Inspector General Activities for the Fiscal Year 2019 – 2020 from Law, Redd, Crona & Munroe, P.A.

**BACKGROUND**

Pursuant to Section 20.055(8), Florida Statutes, and Section 6 of District contract 12/13-040, Law, Redd, Crona & Munroe, P.A., prepared the attached Annual Report of District Inspector General Activities for Fiscal Year ending September 30, 2020, dated July 27, 2020.

The report is a summary of activities completed by the Inspector General including three audit reports:

- Report No. 20-01, Follow-up Report on District Corrective Actions Regarding Prior Internal Audit Findings
- Report No. 20-02, Follow-up on District Corrective Actions Regarding Auditor General Report No. 2020-106
- Report No. 20-03, Internal Audit of Motor Vehicle Usage and Maintenance and Tangible Personal Property

PS/rl  
Attachment

**SUWANNEE RIVER  
WATER MANAGEMENT DISTRICT**

**ANNUAL REPORT  
OF  
DISTRICT INSPECTOR GENERAL ACTIVITIES**

**For the Fiscal Year Ending  
September 30, 2020**

**July 27, 2020**

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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), Florida Statutes, and Section 6 of the agreement with the District to serve as your Inspector General, we are pleased to present this Annual Report of District Inspector General Activities for the fiscal year ending September 30, 2020. Thank you for the opportunity to work with you and management in promoting accountability, integrity, and efficiency at the District.

If you have any questions regarding this Annual Report, please contact Richard Law, C.P.A.

Sincerely,

**LAW, REDD, CRONA & MONROE, P.A.**  
Tallahassee, Florida  
July 27, 2020

**SUWANNEE RIVER WATER MANAGEMENT DISTRICT  
ANNUAL REPORT OF DISTRICT INSPECTOR GENERAL ACTIVITIES  
July 27, 2020**

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**INTRODUCTION**

The Suwannee River Water Management District (District) and Law, Redd, Crona & Munroe, P.A. (LRCM) entered into an agreement, which was amended on June 18, 2018, for LRCM to provide District Inspector General Services pursuant to Sections 373.079(4)(b)2., and 20.055, Florida Statutes, and serve as a central point for coordination of and responsibility for activities that promote accountability, integrity, and efficiency in the District. In accordance with the contract requirements and Section 373.079(4)(b), Florida Statutes, Francis Marvin Doyal, CPA, CIG, was designated by the Governing Board as Inspector General for the District under the contract with LRCM.

LRCM, under the direction of the District Inspector General, is to:

- Conduct financial, compliance, electronic data processing, and performance audits of the District and prepare audit reports of its findings.
- Initiate, conduct, supervise, and coordinate investigations designed to detect, deter, prevent, and eradicate fraud, waste, mismanagement, misconduct, and other abuses in state government.
- Not later than September 30 of each year, prepare an annual report to the Board summarizing the activities of the Inspector General during the District's immediately preceding fiscal year.
- Self-report to the Board any written complaints, should they arise, that concern inappropriate actions or allegations of misconduct related to the duties and responsibilities of the District Inspector General or LRCM at the District.

**SUWANNEE RIVER WATER MANAGEMENT DISTRICT  
ANNUAL REPORT OF DISTRICT INSPECTOR GENERAL ACTIVITIES  
July 27, 2020**

**ASSIGNED STAFF**

During the fiscal year ending September 30, 2020, the following LRCM personnel worked on District Inspector General activities:

Name	Position	Certifications
Francis Marvin Doyal	District Inspector General	Certified Public Accountant Certified Inspector General
Richard Law	Managing Partner	Certified Public Accountant
Jon Ingram	Information Technology Audit Manager	Certified Public Accountant Certified Information Systems Auditor
Shelby Brown	Senior Auditor	

**INSPECTOR GENERAL ACTIVITIES**

LRCM and the District Inspector General completed the following activities during the year:

- Conducted a risk assessment and based on the results of the risk assessment, prepared a general internal audit plan for the three fiscal years ending September 30, 2022, and a detailed internal audit plan for the fiscal year ending September 30, 2020. The audit plans were approved by the Governing Board on October 10, 2019.
- Performed three internal audits, as described in the following section.

The District Inspector General received one complaint during the fiscal year, a referral from the Chief Inspector General of the Executive Office of the Governor. The complaint was also referred to the Inspectors General of two State agencies. Upon review of the complaint, the District Inspector General concluded that there was no basis for opening an investigation at the District at this time. Specific details are not disclosed as some matters remain open for other agencies.

**INTERNAL AUDITS PERFORMED IN 2019-20**

**Report No. 20-01, Follow-up Report on District Corrective Actions Regarding Prior Internal Audit Findings**

This follow-up was conducted pursuant to Section 20.055(8)(c)4., Florida Statutes and the District’s internal audit activity charter. Our report noted that the District continues to

**SUWANNEE RIVER WATER MANAGEMENT DISTRICT**  
**ANNUAL REPORT OF DISTRICT INSPECTOR GENERAL ACTIVITIES**  
**July 27, 2020**

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make progress in addressing the findings and recommendations disclosed in our internal audit reports issued during the period October 1, 2015, through September 30, 2019. Most of the prior internal audit findings have been resolved, while corrective action is still in progress with regard to information technology (IT) controls in the areas of protecting administrator login accounts and IT risk assessment.

**Report No. 20-02, Follow-up on District Corrective Actions Regarding Auditor General Report No. 2020-106**

Section 20.055(6)(h), Florida Statutes requires Inspectors General to follow up and report on the status of management's corrective action taken on findings of the Auditor General. This audit focused on the status of District corrective actions taken on the findings and recommendations in the Auditor General's operational audit report No. 2020-106, dated January 2020. We found that District management has corrected all the findings in the Auditor General's report.

**Report No. 20-03, Internal Audit of Motor Vehicle Usage and Maintenance and Tangible Personal Property**

This audit focused on selected District internal controls over motor vehicle usage and maintenance and tangible personal property, as set forth in the District's policies and procedures manual. Our audit disclosed that the District's policies, procedures, and system of control over the motor vehicle usage and maintenance and tangible personal property processes and well documented and followed accordingly.

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: August 13, 2020

RE: Inspector General Three-Year Audit Plan for Fiscal Years 2021 to 2023 and the Fiscal Year 2020-2021 Internal Audit Work Plan

**RECOMMENDATION**

Staff requests the Audit Committee approve the Inspector General's Three-Year Audit Plan for Fiscal Years 2021 to 2023 and the Fiscal Year 2020-2021 Internal Work Plan for Law, Redd, Crona & Munroe, P.A.

**BACKGROUND**

Law, Redd, Crona & Munroe, P.A., prepared a Three-Year Internal Audit Plan for Fiscal Years 2021 to 2023 (attached) with a list of recommended future audit topics for the Audit Committee's consideration. The topics were identified based on the Inspector General's risk assessment activities and discussion with District management.

Law, Redd, Crona & Munroe, P.A. also prepared the Fiscal Year 2020-2021 Internal Audit Work Plan (attached) for the Audit Committee's review and approval.

PS/rl  
Attachments

**Suwannee River Water Management District**  
**Three Year Internal Audit Plan**  
**For the Fiscal Years Ending September 30, 2021 through September 30, 2023**

1. 2021
  - a. Update Risk Assessment
  - b. Follow-up on Prior Internal Audit Findings
  - c. IT and Cybersecurity Controls
  - d. Annual Report of IG Activities
  
2. 2022
  - a. Update Risk Assessment
  - b. Follow-up on Prior Internal Audit Findings (if any)
  - c. Payroll/HR Procedures
  - d. Annual Report of IG Activities
  
3. 2023
  - a. Update Risk Assessment
  - b. Follow-up on Prior Internal Audit Findings (if any)
  - c. Six Month Follow-up on Auditor General Findings (if any)
  - d. Internal Audit – topic to be selected by Audit Committee
  - e. Annual Report of IG Activities

Annual audit plans are also subject to unexpected events that may require the services of the Inspector General/Internal Auditor.

A list of recommended future audit topics for the Audit Committee’s consideration is included below. The topics were identified based on our risk assessment activities, including discussions with District management.

Land Acquisitions

Land Surplus

Conservation Easement Review

Recreation and Maintenance Contracts

Timber Contracts

Accounts Payable Procedures

Business Continuity and Emergency Response Planning

**SUWANNEE RIVER WATER MANAGEMENT DISTRICT  
2021 INTERNAL AUDIT WORK PLAN**

Audit Area	Tentative Work Plan	Planned Start Date	Estimated Hours
<b>Risk Assessment and Planning</b>	<ul style="list-style-type: none"> <li>- Discussions with District CFO and other management as necessary</li> <li>- Other risk assessment procedures</li> <li>- Identify areas of concern</li> <li>- Design of specific audit procedures</li> <li>- Presentation of audit plans to Governing Board's Audit Committee</li> </ul>	July/August 2020	20
<b>Follow-up on Prior Internal Audit Findings</b>	<ul style="list-style-type: none"> <li>- Review status of District corrective action toward the observations and recommendations in prior internal audit report No. 17-01, Information Technology Controls that were unresolved as of our 2019 follow-up review.</li> </ul>	November 2020	10
<b>Information Technology (IT) and Cybersecurity Controls</b>	<ul style="list-style-type: none"> <li>- Review District IT and cybersecurity controls in the following categories set forth in the National Institute of Standards and Technology (NIST) <i>Framework for Improving Critical Infrastructure Cybersecurity</i>: <ul style="list-style-type: none"> <li>o Identify</li> <li>o Protect</li> <li>o Detect</li> <li>o Respond</li> <li>o Recover</li> </ul> </li> </ul> <p>(see Attachment A for related IT/cybersecurity control objectives for each category)</p>	January 2021	80
<b>Discretionary</b>	<ul style="list-style-type: none"> <li>- Reserved for procedures to be performed at the discretion of the Inspector General without the prior knowledge of management.</li> <li>- Perform additional procedures as deemed necessary as a result of other procedures performed or at the request of the Governing Board, management, and/or external auditor.</li> </ul>	October 2020 – September 2021	15
<b>Reporting</b>	<ul style="list-style-type: none"> <li>- Preparation of Internal Audit Reports</li> <li>- Presentation of Draft Reports to District CFO</li> <li>- Presentation of Final Audit Reports to Audit Committee</li> <li>- Presentation of Annual Report of IG Activities to Audit Committee</li> </ul>	October 2020 - September 2021	40

Total Hours	165.00
Estimated Blended Hourly Rate	\$147.75
Subtotal	\$24,378.75
Travel (s. 112.061, F.S.)	\$1,000.00
Estimated Fee	\$25,378.75

**Estimated Blended Hourly Rate**

	<u>Hourly Rate</u>	<u>Per Cent Utilized</u>	<u>Extension</u>
Inspector General	\$220	10%	\$ 22.00
Partner-in-Charge	\$220	10%	22.00
Audit Manager/IT Manager	\$155-165 (blended)	25%	40.00
Senior Auditor	\$125	35%	43.75
Staff Auditor	\$100	20%	<u>20.00</u>
	Blended Rate		<u><u>\$ 147.75</u></u>

**ATTACHMENT A**  
**IT AND CYBERSECURITY CONTROL OBJECTIVES**

1. Identify: A sufficient understanding of the organization, including its business environment, resources, and related cybersecurity risks, has been developed to provide a foundation for managing risks.
2. Protect: Appropriate safeguards have been implemented to limit or contain the impact of a potential cybersecurity event and ensure delivery of critical services.
3. Detect: Appropriate activities have been implemented to timely identify the occurrence of a cybersecurity event.
4. Respond: Appropriate activities have been implemented to contain or reduce the impact of a detected cybersecurity event.
5. Recover: Appropriate activities and plans have been put in place to help the entity resume normal operations in a timely manner after a cybersecurity event.