

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

**YouTube Link:** <https://www.youtube.com/@SRWMD>  
Open to Public

August 13, 2024  
Following Board Meeting

District Headquarters  
Live Oak, FL

1. Call to Order / Committee Roll Call
2. Public Comment

**Discussion Items**

3. Annual Report of District Inspector General Activities for the Fiscal Year 2023-2024
4. Inspector General Three-Year Audit Plan for Fiscal Year 2025 to 2027 and Fiscal Year 2024-2025 Internal Annual Work Plan
5. Independent Financial Audit Services Proposal Review and Accounting Firm Recommendation
6. Announcements
7. Adjournment

*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: Tim Alexander, Assistant Executive Director, Business and Community Services  
DATE: July 23, 2024  
RE: Annual Report of District Inspector General Activities for the Fiscal Year 2023-2024

**RECOMMENDATION**

Acceptance of the Annual Report of the District Inspector General Activities for the Fiscal Year 2023–2024 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, 2024, dated July 18, 2024. The report is a summary of activities completed by the Inspector General including three audit reports:

- Report No. 24-01, Internal Audit of Cybersecurity
- Report No. 24-02, Follow-up Report on District Corrective Actions Regarding Prior Internal Audit Findings
- Report No. 24-03, Internal Audit of Cost-Share Agreements

PS/rl  
Attachment

**SUWANNEE RIVER  
WATER MANAGEMENT DISTRICT**

**ANNUAL REPORT  
OF  
DISTRICT INSPECTOR GENERAL ACTIVITIES**

**For the Fiscal Year Ending  
September 30, 2024**

**July 18, 2024**

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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, 2024. 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 Sam McCall, CPA, CIG, CIA; or Jon Ingram, CPA, CISA.

Sincerely,



**LAW, REDD, CRONA & MUNROE, P.A.**  
Tallahassee, Florida  
July 18, 2024

**SUWANNEE RIVER WATER MANAGEMENT DISTRICT  
ANNUAL REPORT OF DISTRICT INSPECTOR GENERAL ACTIVITIES  
July 18, 2024**

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**INTRODUCTION**

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The Suwannee River Water Management District (District) and Law, Redd, Crona & Munroe, P.A. (Law Redd) entered into an agreement, which was amended on June 18, 2018, for Law Redd 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, Sam McCall, CPA, CIG, CIA, serves as Inspector General for the District under the contract with Law Redd.

Law Redd, 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 District operations.
- 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 Law Redd at the District.

**SUWANNEE RIVER WATER MANAGEMENT DISTRICT  
ANNUAL REPORT OF DISTRICT INSPECTOR GENERAL ACTIVITIES**

**ASSIGNED STAFF**

During the fiscal year ending September 30, 2024, the following Law Redd personnel worked on District Inspector General activities:

<b>Name</b>	<b>Position</b>	<b>Certifications</b>
Sam McCall	District Inspector General	Certified Public Accountant Certified Inspector General Certified Internal Auditor
Richard Law	Partner	Certified Public Accountant
Jon Ingram	Partner/Information Technology Audit Manager	Certified Public Accountant Certified Information Systems Auditor
Craig Flemmings	Auditor	

**INSPECTOR GENERAL ACTIVITIES**

Law Redd 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 concise internal audit plan for the three fiscal years ending September 30, 2026, and a detailed internal audit plan for the fiscal year ending September 30, 2024. The audit plans were approved by the Governing Board on September 12, 2023.
- Performed three internal audits, as described in the following section.
- Provided additional value-added services, described below, that were beyond contract requirements.

During the year, the District Inspector General did not receive any complaints relating to District operations that resulted in initiation of additional audits; did not initiate or conduct any investigations; and did not receive any complaints that concern the duties and responsibilities of the District Inspector General or Law Redd.

**INTERNAL AUDITS PERFORMED IN 2023-24**

**Report #24-01, Internal Audit of Cybersecurity**

This audit focused on selected District cybersecurity controls related to the following security functions set forth in the National Institute of Standards and Technology (NIST)

**SUWANNEE RIVER WATER MANAGEMENT DISTRICT  
ANNUAL REPORT OF DISTRICT INSPECTOR GENERAL ACTIVITIES**

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Cybersecurity Framework:

- Identify – developing an organizational understanding to manage cybersecurity risk to systems, people, assets, data, and capabilities.
- Protect – developing and implementing appropriate safeguards to ensure delivery of critical services and limit or contain the impact of a potential cybersecurity event.

We noted opportunities for improving District cybersecurity controls in certain areas. The content of the report, which we provided to District management, is confidential and exempt from public disclosure pursuant to Section 119.0725, Florida Statutes.

**Report No. 24-02, Follow-up 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. The issue included in our follow-up audit pertained to District information technology and cybersecurity controls. We concluded that District management reasonably addressed the issue and no further follow-up action is considered necessary.

The content of the report, which we provided to District management, is confidential and exempt from public disclosure pursuant to Section 119.0725, Florida Statutes.

**Report #24-03, Internal Audit of Cost-Share Agreements**

This audit focused on the District’s management of selected Agricultural Cost-Share agreements and Regional Initiative Valuing Environmental Resources (RIVER) Cost-Share agreements. For these cost-share agreements included in the scope of our testing, we found that the District maintained documentation demonstrating that selected requirements of Governing Board directives and District procedures were followed by District staff. No matters for management’s attention were reported.

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**ADDITIONAL SERVICES PROVIDED IN 2023-24**

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During the contract year, Law Redd provided the following additional value-added services to the District that were beyond contract requirements:

- A citizen complaint was received relating to District regulatory responsibilities. Contact was made with responsible District management to further discuss the issue and request to be copied on the final disposition of the issue. For these type issues, which do not include allegations of fraud, District management should be expected

**SUWANNEE RIVER WATER MANAGEMENT DISTRICT**  
**ANNUAL REPORT OF DISTRICT INSPECTOR GENERAL ACTIVITIES**

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to address all complaints in a fair and timely manner and without Inspector General direct involvement. Should there be repeated complaints relating to a regulatory area indicating a significant weakness in policies and procedures or systems of control, the Inspector General through these additional monitoring activities would consider recommending an audit for Board approval.

- The District identified an issue relating to payments to a vendor. The Inspector General concurred with actions taken to address the issue, provided additional observations and suggestions to assure the issue was an isolated instance, and requested to be informed of any formal personnel actions taken relating to the matter.
- The Inspector General and District management met with the Legislature's Office of Program Policy Analysis and Government Accountability (OPPAGA) to answer questions and learn about an upcoming statewide evaluation of the timeliness and volume of permits issued by all water management districts. Management offered to provide assistance as needed and OPPAGA staff were also made aware of a previous Inspector General audit of the District permitting process and the positive audit results.
- At the request of the Board and management, the Inspector General led a workshop to address the requirements in Section 218.319, Florida Statutes, and guidance issued by the Florida Auditor General, for Board selection of an external auditor to conduct the annual audit of the District's financial statements. The workshop assisted current and newly appointed Board members to further understand the selection procedures to be performed by the Board as a whole and by those Board members serving on the Auditor Selection Committee. The Inspector General worked with the Executive Director and Chief Financial Officer in preparing materials for the workshop and offered assistance as needed throughout the process.

SUWANNEE RIVER WATER MANAGEMENT DISTRICT

**MEMORANDUM**

TO: Audit Committee

FROM: Pam Shaw, Chief, Office of Finance

THRU: Tim Alexander, Assistant Executive Director, Business and Community Services

DATE: July 23, 2024

RE: Inspector General Three-Year Audit Plan for Fiscal Years 2025 to 2027 and Fiscal Year 2024-2025 Internal Audit Work Plan

**RECOMMENDATION**

Acceptance of the Inspector General's Three-Year Audit Plan for Fiscal Years 2025 to 2028 and the Fiscal Year 2024-2025 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 2025 to 2028 (attached) with a list of recommended future audit topics for the Audit Committee's consideration. The audit topics are 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 2024-2025 Internal Audit Work Plan (attached) for the Audit Committee's review and approval.

PS/rl  
Attachments

**SUWANNEE RIVER WATER MANAGEMENT DISTRICT  
2025 INTERNAL AUDIT PLAN**

Audit Area	Tentative Work Plan	Planned Start Date	Estimated Hours
<b>Land Acquisition and Management</b>	<p>Review the District’s policies, procedures, and controls for ensuring that:</p> <ul style="list-style-type: none"> <li>– Land is acquired in an economic manner and in compliance with State laws, regulations, and funding requirements.;</li> <li>– District-owned land is managed in compliance with State laws, regulations, and funding requirements, and;</li> <li>– Land is identified for disposition for justified reasons and disposed of an economic manner and in compliance with State laws and regulations.</li> </ul>	February 2025	60
<b>Follow-up on Prior Internal Audit Findings</b>	<p>Review the status of District corrective action toward the observations and recommendations in prior internal audit reports that are unresolved through September 30, 2024.</p> <ul style="list-style-type: none"> <li>– The scope of this follow-up audit will include the observations and recommendations from our internal audit of Cybersecurity, Report #24-01, dated May 29, 2024.</li> </ul>	April 2025	20
<b>Follow-up on OPPAGA Water Management District Permitting Review Findings</b>	<p>Review the status of District corrective action toward findings, if any are directed to the District, in the OPPAGA Water Management District Permitting Review.</p> <ul style="list-style-type: none"> <li>– Section 20.055(6)(h), Florida Statutes, provides that, no later than six months after the release of OPPAGA reports, inspector generals shall provide a written response on the status of corrective actions taken. The OPPAGA review was in progress at the time of our audit plan development.</li> </ul>	May 2025	20
<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 2024 – September 2025	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 2024 - September 2025	30
<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>	Summer 2025	20

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	12%	\$ 26.40
Partner-in-Charge	\$220	8%	17.60
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>

**SUWANNEE RIVER WATER MANAGEMENT DISTRICT  
THREE YEAR INTERNAL AUDIT PLAN  
FOR THE FISCAL YEARS ENDING SEPTEMBER 30, 2025, THROUGH SEPTEMBER 30, 2027**

1. 2025
  - a. Update Risk Assessment
  - b. Follow-up on Prior Internal Audit Findings – includes the four previously reported observations and recommendations from the 2024 internal audit of Cybersecurity, Report #24-01, dated May 29, 2024.
  - c. Follow-up on OPPAGA Water Management District Permitting Review Findings (if any are directed to the District).
  - d. Land Acquisition and Management – District policies, procedures, and controls for ensuring that:
    - i. Land is acquired in an economic manner and in compliance with State laws, regulations, and funding requirements;
    - ii. District-owned land is managed in compliance with State laws, regulations, and funding requirements; and
    - iii. Land is identified for disposition for justified reasons and disposed of in an economic manner and in compliance with State laws and regulations.
    - iv. Conservation easements will be included in the scope of the audit.
  - e. Annual Report of IG Activities
2. 2026
  - a. Update Risk Assessment
  - b. Follow-up on Prior Internal Audit Findings (if any)
  - c. Follow-up on Auditor General Operational Audit Findings (if any)
  - d. Cybersecurity - review of selected District cybersecurity controls protecting the confidentiality, integrity, and availability of District information and information technology (IT) resources. Please see the attached Cybersecurity Audit Plan for the security functions to be included in the audit scope.
  - e. Annual Report of IG Activities
3. 2027
  - a. Update Risk Assessment
  - b. Follow-up on Prior Internal Audit Findings (if any)
  - c. Internal Audit – topic to be selected
  - d. Internal Audit – topic to be selected
  - 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 topics for the Audit Committee’s consideration is included below. The following topics were identified based on our risk assessment activities, including discussions with District management:

- Competitive Selection Procurement Process – District purchasing policies and procedures for ensuring compliance with Chapter 287, Florida Statutes, including the District’s solicitation and award process (last audited in 2015-16).
- Performance Measures – District performance measurement and reporting pursuant to DEP’s performance measures reporting instructions (last audited in 2017-18).
- Revenue & Receipts – District controls for ensuring the accuracy and completeness of recorded revenues. Specific revenue-generating activity to be included in the audit scope to be determined in future internal audit risk assessments. The last revenue-related internal audit, of Permitting Fee Receipts, was completed in 2016-17.

**ATTACHMENT A**  
**CYBERSECURITY AUDIT PLAN**  
**FOR THE FISCAL YEARS ENDING SEPTEMBER 30, 2025, THROUGH SEPTEMBER 30, 2027**

Section 20.055(6)(i), Florida Statutes, provides that audit plans developed by inspector generals shall include a specific cybersecurity audit plan. This cybersecurity audit plan for the Suwannee River Water Management District is based on security functions as defined in the National Institute of Standards and Technology (NIST) *Framework for Improving Critical Infrastructure Cybersecurity* (Cybersecurity Framework). The security functions to be included in the scope of planned cybersecurity audits and the related definitions from the NIST Cybersecurity Framework are listed below.

1. 2025

- a. Follow up on the status of District corrective action on the four previously reported audit observations and recommendations from our 2024 Cybersecurity audit, Report #24-01, dated May 29, 2024.

2. 2026

- a. Detect – activities to timely identify the occurrence of a cybersecurity event.
- b. Respond – activities for acting upon a detected cybersecurity event.
- c. Recover – activities to maintain plans for resilience and to restore any capabilities or services that were impaired due to a cybersecurity incident.

3. 2027

- a. Follow up on the status of District corrective action on previously reported audit observations and recommendations, if any are reported, from our 2026 Cybersecurity audit.

SUWANNEE RIVER WATER MANAGEMENT DISTRICT

**MEMORANDUM**

TO: Audit Selection Committee

FROM: Pam Shaw, Chief, Office of Finance

THRU: Tim Alexander, Assistant Executive Director, Business and Community Services

DATE: July 26, 2024

RE: Independent Financial Audit Services Proposal Review and Accounting Firm Recommendation

**RECOMMENDATION**

Recommend an accounting firm to the Governing Board for the financial audit services contract for the Fiscal Years 2025 through 2028 based on the results of the RFP23/24-019 BCS review.

**BACKGROUND**

In accordance with Section 218.391, Florida Statutes, the auditor selection law, establishes required procedures for the selection of auditors to perform the financial audits required by Section 218.39, Florida Statutes, for counties, municipalities, special districts, district school boards, charter schools, and charter career technical centers. These procedures help ensure selection of a qualified auditor and satisfactory audit effort.

Pursuant to Section 218.391(3)(c), Florida Statutes, the auditor selection committee must provide interested audit firms with a Request for Proposal (RFP). The RFP is required to include information on how proposals are to be evaluated and such other information as the committee determines is necessary for the firm to prepare a proposal.

On June 14, 2024, the District, on behalf of the Audit Selection Committee, released an RFP for independent financial audit services from qualified certified public accounting firms. Written questions were received on June 28, 2024, from one firm. Responses to the questions were posted as required on July 8, 2024.

On July 26, 2024, the solicitation received four responses. The District's Audit Selection Committee members will evaluate and score the bid proposals independently of one another and submit scores to the District to be compiled. The District will calculate a total weighted average score based on the committee members review and scoring by August 9, 2024. The results of the scoring will be discussed at the August 13, 2024, Audit Committee meeting. Based on the ranking of firms the Audit Selection Committee will select an accounting firm to recommend to the Governing Board to be awarded the financial audit services contract for the Fiscal Years 2025 through 2028 at the September 10, 2024 meeting.

A list of the responding firms is shown in the table below in alphabetical order.

<b>Name of Firm</b>	<b>Location</b>
Carr, Riggs & Ingram CPAs and Advisors	Gainesville, FL
James Moore & Co, P.L.	Gainesville, FL
Mauldin & Jenkins, LLC	Bradenton, FL
Reliant CPAs P.A. dba Powell and Jones CPA	Lake City, FL

It is the intent of the District to contract with the firm with the highest ranking, using the evaluation criteria specified in the RFP. The contract will be submitted to the Governing Board (on consent) at the September 10, 2024, meeting. The contract shall be for a base term of five (5) years, starting with auditing the financial statements and single audits for the current fiscal year ending September 30, 2024, with options to renew the agreement for three (3) subsequent one-year terms subject to the mutual agreement of both parties and available funding.

Funding for this contract is included in the Fiscal Year 2024-2025 Tentative Budget and is contingent upon approval of the Fiscal Year 2024-2025 Final Budget.

PS/rl