

**NORTHWEST FLORIDA
WATER MANAGEMENT DISTRICT**

**FOLLOW-UP REPORT ON
DISTRICT CORRECTIVE ACTIONS
REGARDING
AUDITOR GENERAL AUDIT REPORT NO. 2019-050**

REPORT #19-02

June 3, 2019

TABLE OF CONTENTS

Transmittal Letter	1
Internal Auditor's Report	2
Appendix A – Schedule of District Corrective Actions	5



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

June 3, 2019

Governing Board
Northwest Florida Water Management District
81 Water Management Drive
Havana, Florida 32333

Pursuant to Section 20.055(6)(h), Florida Statutes, as the District's Inspector General we are reporting on the status of the Northwest Florida Water Management District's corrective actions taken on the findings and recommendations in the Auditor General's Operational Audit Report No. 2019-050, dated November 2018. 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.

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

FOLLOW-UP ON AG REPORT NO. 2019-050

June 3, 2019

BACKGROUND

In November 2018, the Auditor General released Audit Report No. 2019-050, Operational Audit of the Northwest Florida 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. 2019-050.

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) Tangible Personal Property
- 2) Motor Vehicle Usage
- 3) Motor Vehicle Maintenance and Repair

To achieve our objectives, we conducted the following procedures:

- 1) Examined Auditor General Report No. 2019-050, dated November 2018, 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.
- 4) Inspected the District's storage room for property that has been approved for surplus.

FOLLOW-UP ON AG REPORT NO. 2019-050

June 3, 2019

OBSERVATIONS AND RECOMMENDATIONS

Our audit disclosed that the District has corrected Finding Nos. 1 and 3 of the Auditor General's report and has partially corrected Finding No. 2, as discussed further below. Appendix A at the end of this report lists each Auditor General finding and recommendation and the current status of management's corrective actions.

1) Documentation of Vehicle Use Review

Auditor General operational audit report No. 2019-050, Finding No. 2, disclosed that District motor vehicle logs did not always document supervisory reviews and approval to confirm the propriety of vehicle use. The Auditor General recommended that the District enhance procedures to ensure that supervisory review and approval be documented for all vehicle logs.

Our follow-up internal audit procedures noted that the District has implemented new processes for managing vehicle use, including an electronic vehicle reservation process, a shared fleet e-mail account for documenting fleet management-related communications, and a GPS Fleet Management System that provides the capability to monitor vehicle use on a real-time or historical basis via online map views and activity detail reports. Thus, the new system provides management added capabilities for monitoring vehicle use.

The District's amended policies and procedures for vehicle use, dated August 2018, provide that supervisors are to periodically review activity detail reports that are submitted to the fleet e-mail account to ascertain that District vehicles are being used as authorized. Upon our audit request for documentation of supervisory reviews of vehicle use, we were informed that the reviews are not documented. Consequently, the District could not demonstrate the extent and frequency of which vehicle use is being monitored.

Recommendation:

The District should document the performance of supervisory review of vehicle use, such as through the use of the shared Fleet e-mail account.

Management's Response:

To address the report's recommendation, the District has modified section 8.2.6, GPS Fleet Management System, of its Policy and Procedures manual (now titled Version 19.5) to include the following text:

"Each month Activity Detail Reports are submitted to the Fleet email account. Division Directors (or their designees) with vehicle responsibilities shall periodically review the reports to verify district vehicles are used as authorized. Division representative(s) shall receive auto-generated reminders from the Fleet email account to review the reports. Upon completing each review, the division representative(s) shall document the review was completed."

FOLLOW-UP ON AG REPORT NO. 2019-050

June 3, 2019

SUMMARY OF RESULTS

Our follow-up activities disclosed that District management is making substantial progress in addressing the findings and recommendations in the Auditor General's report, as discussed above. 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.

Appendix A
Schedule of District Corrective Action for Auditor General Report No. 2019-050
June 3, 2019

Finding 1: Tangible Personal Property Disposals

AG Finding Summary	District policies and procedures for the disposal of tangible personal property could be improved.
AG Recommendation	The District should enhance procedures to ensure that tangible personal property item disposals are properly and timely approved by the Board or Executive Director prior to disposal.
Original District Response	The premature donation of the tangible personal property referenced in the report was inadvertent. The District enhanced its practices in June 2018 to minimize the possibility of future oversight, and storage areas were established to physically separate tangible personal property that has been declared surplus by the Executive Director or the Governing Board from those items awaiting such declaration.
Status Per Management as of May 2019	The District continues to follow its enhanced practices for the disposal of tangible personal property.

Finding 2: Motor Vehicle Usage

AG Finding Summary	As similarly noted in our report No. 2016-016, District motor vehicle logs did not always document supervisory reviews and approval to confirm the propriety of vehicle use.
AG Recommendation	The District should enhance procedures to ensure that supervisory review and approval be documented for all vehicle logs.
Original District Response	Electronic vehicle approval and use logs replaced the former approval process and the paper vehicle-use logs in June 2018. These electronic applications complement other such measures (e.g., GPS Fleet Management System) that allow for comprehensive documentation of the supervisor's approval, the identity of the vehicle operator, and the actual use (travel) of the vehicle. Each month the electronic records are compiled into "Activity Detail Reports" and periodically reviewed by supervisors to confirm the propriety of the use. These changes were incorporated in the District's policy and procedures manual on July 13, 2018 (Chapter 8 – VEHICLES, WATERCRAFT AND EQUIPMENT, NFWFMD Policy and Procedures Manual v18.6).
Status Per Management as of May 2019	The District now uses a GPS Fleet Management System that provides, among other things, the ability to monitor vehicle use on a real-time and historical basis. Thanks to the GPS technology used in the System, a vehicle's current location can be seen in map view at any time. Historical vehicle usage data on all fleet vehicles has been retained in the System since its implementation and is accessible in map views and activity detail reports. Supervisors and management periodically review this information to confirm the propriety of vehicle use.

Finding 3: Motor Vehicle Maintenance and Repair

AG Finding Summary	District vehicle maintenance and repair expenditures were not always recorded in the vehicle management system, which is used to monitor these expenditures for each vehicle. A similar finding was noted in our report No. 2016-016.
---------------------------	---

AG Recommendation	The District should enhance procedures to ensure that maintenance and repair expenditures are recorded in the VMS by periodically reconciling the VMS expenditure records to District accounting records.
Original District Response	<p>The District has enhanced both the process of recording expenditures in the Vehicle Management System (VMS) and the reconciliation of those records with the receipts received in accounting.</p> <p>A shared Fleet email account (fleet@nfwwater.com) was established in June 2018 as a single point of contact for all communication regarding maintenance and repair of District vehicles, watercraft, and equipment. The system provides a formal, but simple and efficient means to account for and relay to the Facilities Superintendent all vehicle-related issues, expenditures, and documentation (photographs, quotes, invoices, etc.) as well as record approvals.</p> <p>The Facility Superintendent periodically reviews WEX transaction reports (includes driver, type of purchase, purchase amounts, etc.) to cross-check receipts that have been collected for all purchased items listed. Accounting also contacts employees directly should they receive a WEX purchase with no corresponding receipt.</p> <p>The VMS records are also reviewed quarterly by each division with an associated vehicle use. A separate database provides the Division Directors with reminders to perform the quarterly reviews.</p> <p>Collectively these efforts will enhance the accuracy of the VMS records and those in accounting.</p>
Status Per Management as of May 2019	As stated in the District's original response, the Facility Superintendent and Division Directors perform reviews to ensure that vehicle repair and maintenance records are accurate and complete. In addition, a State of the Fleet report on all District fleet vehicles is prepared on a semi-annual basis. As a part of the preparation of this report, the Director of Asset Management performs further verification of the accuracy and completeness of repair and maintenance records in the Vehicle Management System.