

OFFICE OF
**INSPECTOR
GENERAL**

Employee Reimbursements Follow-Up Audit

April 1, 2025 – August 15, 2025

TABLE OF CONTENTS

	<u>Page No.</u>
LETTER TO THE BOARD	1
SUMMARY	2
BACKGROUND	2
FINDINGS AND RECOMMENDATIONS	2
PRIOR AUDIT FOLLOW-UP	4
OBJECTIVES, SCOPE, AND METHODOLOGY	4
MANAGEMENT'S RESPONSE	7



An Equal
Opportunity
Employer

Southwest Florida Water Management District

2379 Broad Street, Brooksville, Florida 34604-6899

(352) 796-7211 or 1-800-423-1476 (FL only)

WaterMatters.org

Bartow Office

170 Century Boulevard
Bartow, Florida 33830-7700
(863) 534-1448 or
1-800-492-7862 (FL only)

Sarasota Office

78 Sarasota Center Boulevard
Sarasota, Florida 34240-9770
(941) 377-3722 or
1-800-320-3503 (FL only)

Tampa Office

7601 U.S. 301 North
Tampa, Florida 33637-6759
(813) 985-7481 or
1-800-836-0797 (FL only)

John R. Mitten
Chair, Hernando, Marion

Jack Blapham
Vice Chair, Manatee

Ashley Bell Barnett
Secretary, Polk

John E. Hall
Treasurer, Polk

Ed Armstrong
Former Chair, Pinellas

Kelly S. Rice
Former Chair, Citrus, Lake,
Levy, Sumter

Michelle Williamson
Former Chair, Hillsborough

Josh Gambila
DeSoto, Hardee, Highlands

James Holton
Pinellas

Dustin Rowland
Pasco

Robert Stern
Hillsborough

Jim Turner
Charlotte, Sarasota

Nancy Watkins
Hillsborough, Pinellas

Brian J. Armstrong, P.G.
Executive Director

September 23, 2025

Mr. John Mitten, Chair
Southwest Florida Water Management District
2379 Broad Street
Brooksville, Florida 34604-6899

Dear Mr. Mitten:

In accordance with the Office of Inspector General (OIG) Charter Governing Board Policy and Section 20.055, Florida Statutes, the Inspector General shall conduct audits and prepare audit reports. The Employee Reimbursements Follow-Up Audit was performed per the 2025 Audit Plan approved by the Governing Board.

The Office of Inspector General released the District's employee reimbursements operational audit report in September 2024. Included in this report, there were findings over professional certifications, education reimbursement, and safety shoe programs.

The OIG conducted this follow-up audit for the period of April 1, 2025 to August 15, 2025 in accordance with Generally Accepted Government Auditing Standards. Those standards require that the OIG plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for conclusions based upon the audit objectives. The OIG believes that the evidence obtained provides a reasonable basis for the conclusion based on the audit objectives and found that the District took corrective actions for professional certifications but still needed improvements over the education reimbursement and safety shoe programs.

The OIG would like to thank District management and staff for their cooperation and assistance throughout the audit.

Sincerely,

Brian Werthmiller, CPA, CFE, CIG
Inspector General

cc: Finance/Outreach and Planning Committee
Remaining Members of the Governing Board
Mr. Brian Armstrong, Executive Director
Ms. Sherril Norman, State of Florida Auditor General

SOUTHWEST FLORIDA WATER MANAGEMENT DISTRICT EMPLOYEE REIMBURSEMENTS AUDIT

SUMMARY

This is a follow-up audit to the employee reimbursements findings from Office of Inspector General released September 2024 for professional certifications, the education reimbursement program, and the safety shoe program. The Office of Inspector General did not have reportable findings or recommendations for professional certifications. OIG's audit disclosed that District management has taken corrective actions for professional certifications. The District should continue to enhance policies and procedures over the education reimbursement and safety shoe programs.

Finding 1: Reimbursements through the education reimbursement program were not always in accordance with the requirements of governing documents.

Finding 2: Improvements were needed in controls over the safety shoe program.

BACKGROUND

Authorized in 1972, the District protects and manages water resources in a sustainable manner for the continued welfare of the citizens across the 16 counties it serves. The District is one of five water management districts created under the Florida Water Resources Act of 1972¹ and includes all or part of Charlotte, Citrus, Desoto, Hardee, Hernando, Highlands, Hillsborough, Lake, Levy, Manatee, Marion, Pasco, Pinellas, Polk, Sarasota, and Sumter Counties. Governance lies with a thirteen-member Board which consists of representatives from specific geographic areas within District boundaries. Each member is appointed by the Governor and confirmed by the Senate. An Executive Director is appointed by the Board, subject to approval by the Governor and confirmation by the Senate.

FINDINGS AND RECOMMENDATIONS

Finding 1: Education Reimbursement Program

Governing documents² establishes requirements for reimbursement of education expenses not paid or reimbursed by other contributors such as scholarship or grant

¹ Chapter 373, Florida Statutes.

² Executive Director Guideline, *Education Reimbursement Program*.

programs at regionally accredited or state-supported institutions. Among the requirements, governing documents specifies to be eligible, the employee must submit required receipts and documentation within sixty days after course completion and an employee must provide at the end of the term an account statement verifying no grants/scholarships were awarded. If funds were awarded, they would reduce the amount eligible for reimbursement.

During the audit period, the District reimbursed 16 employees education expenses totaling \$25,270.47. The OIG's examination of education reimbursements totaling \$12,569.62 to 8 employees disclosed the following:

- Account statements at the end of the term were not always obtained; instead, statements were obtained that were not from the end of the term or did not show all account activity. Subsequent to audit inquiry, account statements at the end of the term were obtained and the District was able to verify whether grants/scholarships, if any, were received.
- A reimbursement request and related documents for \$676.08 was not submitted within the required 60 days.

Without adequate support for education reimbursements and proper oversight of eligibility requirements, there is an increased risk the education reimbursement program is not in accordance with governing documents.

Recommendation: The District should continue to enhance processes and procedures over the education reimbursement program to ensure compliance with governing documents.

Finding 2: Safety Shoe Program

Governing documents³ establishes requirements for Board authorized employees through reimbursement or alternative payment for safety shoes up to certain limits and frequency of purchase. Among the requirements, governing documents require the firefighter boots must meet National Fire Protection Association (NFPA) standards. In

³ District Guideline, *Personal Protective Equipment Program*.

addition, governing documents⁴ state personal items that require special approval by another Department are prohibited uses of District purchasing cards.

During the audit period, total expenditures for safety shoes were \$11,258.38. The OIG's examination of expenditures for 5 safety shoes totaling \$918.19 during the period of August 1, 2025 to August 15, 2025 disclosed the following:

- While the District provided documentation that showed some NFPA standards were met, 2 firefighter boots totaling \$437.67 were not NFPA certified.
- A District purchasing card was used to pay \$175 for a steel toe boot that the District had, due to oversight, previously reimbursed the employee for the same shoe. During August 2025, the District identified the issue, and the employee reimbursed the District.

Recommendation: The District should continue to enhance processes and procedures to ensure safety shoe expenditures are in accordance with governing documents.

PRIOR AUDIT FOLLOW-UP

Based upon the objectives, scope, and methodology as documented below, the District has taken corrective actions for professional certifications. However, improvements are still needed for the education reimbursement and safety shoe programs.

OBJECTIVES, SCOPE, AND METHODOLOGY

The OIG conducted this operational audit in accordance with *Generally Accepted Government Auditing Standards* (GAGAS). Those standards require that the OIG plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for findings and conclusions based on the audit objectives. The OIG believes that the evidence obtained provides a reasonable basis for findings and conclusions based on the audit objectives. In addition, the IG is independent per the GAGAS requirements for internal auditors.

This operational audit focused on selected District procedures and administrative activities. For those areas, the objectives of this operational audit were to:

⁴ Executive Director Procedure, *Procurement Card Procedure*

- Evaluate management's performance in establishing and maintaining internal controls, including controls designed to prevent and detect fraud, waste, and abuse, and in administering assigned responsibilities in accordance with applicable laws, rules, regulations, contracts, grant agreements, and other guidelines.
- Examine internal controls designed and placed in operation to promote and encourage the achievement of management's control objectives in the categories of compliance, economic and efficient operations, reliability of records and reports, and the safeguarding of assets, and identify weaknesses in those controls.
- Determine whether management had taken corrective action for, or was in the process of correcting, the Office of Inspector General's employee reimbursements findings released in September 2024.

This audit was designed to identify, for those areas included within the scope of the audit, weaknesses in management's internal controls significant to the audit objectives; instances of noncompliance with applicable laws, rules, regulations, contracts, grant agreements, and other guidelines; and instances of inefficient or ineffective operational policies, procedures, or practices. The focus of this audit was to identify problems so that they may be corrected in such a way as to improve government accountability and efficiency and the stewardship of management. Professional judgement has been used in determining the significance and audit risk and in selecting particular transactions, legal compliance matters, records, and controls considered.

As described in more detail below, for those programs, activities, and functions included within the scope of the audit, the audit work included, but was not limited to, communicating to management the scope, objectives, timing, overall methodology, and reporting of the audit; obtaining an understanding of the program, activity, or function; identifying and evaluating internal controls significant to the audit objectives; exercising professional judgment in considering significance and audit risk in the design and execution of the research, interviews, tests, analyses, and other procedures included in the audit methodology; and reporting on the results of the audit as required by Governing Board policy, governing laws, and auditing standards.

An audit by its nature does not include a review of all records and actions of management, staff, and vendors, and as a consequence, cannot be relied upon to identify all instances of noncompliance, fraud, waste, abuse, or inefficiency.

In conducting the audit for the period of April 1, 2025 to August 15, 2025, the OIG:

- Reviewed applicable statutes, policies, procedures and interviewed District staff to gain an understanding of the District's operations and applicable internal controls and related requirements.
- Gained an understanding of the information systems involving employee reimbursements.
- Evaluated the effectiveness of District policies and procedures relating to employee reimbursements, to determine whether internal controls were designed properly and operating effectively.
- From the population of education reimbursements totaling \$25,270.47 during the audit period, examined documentation supporting 8 transactions totaling \$12,569.62 to determine if the employee was eligible, the employee's reimbursements did not exceed \$5,250 for the year, only eligible items were reimbursed, classes were taken at a regionally accredited or state-supported institution, the reimbursement occurred after courses were completed with the minimum required final grade, courses were pre-approved, and an account statement at the end of the term was obtained to show if grants/scholarships were awarded during the term or that none were awarded.
- From the population of safety shoes totaling \$11,258.38, examined documentation supporting 5 transactions totaling \$918.19 occurring from August 1, 2025 to August 15, 2025 to determine whether the shoes complied with safety standards set forth by governing documents, were within allowance limits, and frequency limits.
- From the population of professional certifications totaling \$2,383.43, examined supporting documentation for 5 transactions totaling \$1,072.90 to determine if expenditure was eligible to be reimbursed and supporting documentation was maintained.
- If applicable, determine whether the recovery of funds from separating employees was calculated correctly if the employee separated within 12 months of the reimbursement(s).
- Communicated on an interim basis with applicable officials.
- Performed various other auditing procedures as necessary to accomplish the objectives of the audit.

Brian Werthmiller, CPA, CFE, CIG
Inspector General

2379 Broad Street Brooksville, Florida 34604-6899

Fraud and Compliance Hotline (352) 754-3482

MANAGEMENT'S RESPONSE

Education Reimbursement Program:

We agree with the finding that further enhancements are required for the tuition reimbursement processes and procedures. Several improvements have been made over the year including updates in the verification of courses to the education program requirements, verification of tuition and fee rates, and requiring transcripts to verify grades. In addition, a work-flow system is being developed to streamline the collection of required information and associated approvals. Further enhancements are needed to support full accounting of the term prior to reimbursement and establishing deadlines for submitting reimbursement request documents.

Safety Shoes:

We agree with the finding that further enhancements are required ensuring safety shoes expenditures are in accordance with governing documents. Several improvements have been made over the year including development of a work-flow system for staff to obtain prior approval for safety shoe purchases and allowing purchases to be coordinated through the District's Human Resources Office using an online vendor to ensure standards are met and associated billing is streamlined. Further enhancements are needed to demonstrate that all purchases of safety shoes meet the required safety standards.