

OFFICE OF
INSPECTOR
GENERAL

Annual Report

October 1, 2024 Through September 30, 2025

Southwest Florida
Water Management District

The logo consists of three white, wavy lines representing water, positioned below the text.

Governing Board
September 23, 2025

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An Equal Opportunity Employer

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- John R. Mitten**
Chair, Hernando, Marion
- Jack Blispham**
Vice Chair, Manatee
- Ashley Bell Barnett**
Secretary, Polk
- John E. Hall**
Treasurer, Polk
- Ed Armstrong**
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Levy, Sumter
- Michelle Williamson**
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- Nancy Watkins**
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- 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 F.S. 20.055 and the Office of Inspector General (OIG) Charter Governing Board Policy, I am pleased to submit the OIG's accomplishments during fiscal year 2025. I would like to highlight some of these accomplishments. During the fiscal year, the OIG completed the annual audit risk assessment, annual short and long-term audit plan, two audit reports, all quarterly updates to the Governing Board, and continuing professional education for the certified public accountant (CPA), certified fraud examiner (CFE) and certified inspector general (CIG) licenses. In addition, the OIG initiated 77 review projects, closed 13 complaints of which 2 resulted in reporting to the Board, and saved the District approximately \$29,000 with in-house programs for the annual risk assessment and audits. The OIG operates the audit function under *Generally Accepted Government Auditing Standards*, also known as the yellow book, which the most recent peer review concluded the OIG conformed in all material respects with *Generally Accepted Government Auditing Standards*.

It has been an honor to serve this Governing Board, and I look forward to continuing to serve you.

Sincerely,

Brian Werthmiller, CPA, CFE, CIG
Inspector General

cc: Finance/Outreach and Planning Committee
Remaining members of the Governing Board

INSPECTOR GENERAL (IG) RESPONSIBILITIES

IG Responsibilities - In accordance with the Office of Inspector General (OIG) Charter Governing Board Policy and Section 20.055, Florida Statutes, the IG is responsible for the following activities:

- (a) Advise in the development of performance measures, standards, and procedures for the evaluation of the District.
- (b) Assess the reliability and validity of the information provided by the District on performance measures and standards, and make recommendations, if necessary.
- (c) Review the actions taken by the District to improve program performance and meet program standards and make recommendations for improvement, if necessary.
- (d) Provide direction for, supervise, and coordinate audits, investigations, and management reviews relating to the programs and operations of the District.
- (e) Conduct, supervise, or coordinate other activities carried out or financed by the District for the purpose of promoting economy and efficiency in the administration of, or preventing and detecting fraud and abuse in, its programs and operations.
- (f) Keep the Governing Board informed concerning fraud, abuses, and deficiencies relating to programs and operations administered or financed by the District, recommend corrective action concerning fraud, abuses, and deficiencies, and report on the progress made in implementing corrective action.
- (g) Ensure effective coordination and cooperation between the Auditor General, federal auditors, and other governmental bodies with a view toward avoiding duplication.
- (h) Review, as appropriate, rules relating to the programs and operations of the District and make recommendations concerning their impact.
- (i) Ensure that an appropriate balance is maintained between audit, investigative, and other accountability activities.
- (j) Comply with the *Principles and Standards for Offices of Inspector General* as published and revised by the Association of Inspectors General.

INTRODUCTION

OIG activities focus on promoting accountability, integrity, and efficiency in operations of the Southwest Florida Water Management District (District). The OIG employs one full-time employee which consists solely of the IG. To promote organizational independence, the IG reports functionally to the Governing Board. During fiscal year (FY) 2025, the OIG's audit and investigative activities were not impaired and allowed

the OIG to fulfill its responsibilities.

This report highlights the FY 2025 work product, other activities, and is produced in accordance with State law¹ and Governing Board Policy². During FY 2025, there were no significant abuses or deficiencies reported by the OIG.

MAJOR FUNCTIONS AND ACTIVITIES

Audits

Pursuant to State Law³ and Governing Board Policy⁴, the OIG provides independent, objective audits designed to add value and improve District operations. An audit involves establishing objectives, obtaining an understanding of the program and internal controls through inquiries, observations, and inspections, assessing risk, determining the nature, timing, and extent of audit work, other procedures, and communicating the results of the audit. Audits are conducted in accordance with the *Generally Accepted Government Auditing Standards*, issued by the Comptroller General of the United States. These professional standards provide a framework for performing high-quality audit work with independence, competence, and objectivity in order to provide accountability and help improve District operations. The results of completed OIG audit activity during the period October 1, 2024 through September 30, 2025, are summarized below.

- ◆ **Risk Assessment and Audit Plan.** State law⁵ requires the IG to develop long-term and annual audit plans based upon the results of periodic risk assessments. The IG conducted a formal, District-wide risk assessment which included input from the Governing Board, executive management, and senior staff, review of the District's overall and regional goals and objectives, financial statements, budget information, and other procedures. In January 2025, the Board approved the OIG's short-term and long-term audit plan for calendar year 2025.
- ◆ **Revenue Collections.** In the FY 2024 OIG annual report, it was noted the State of Florida's Auditor General had recommended revenue collection procedures should be enhanced to document initial collections and appropriately separate incompatible duties. Further, if a sufficient number of staff at any of the District office locations is

¹ Section 20.055(8), Florida Statutes.

² Office of Inspector General Charter.

³ Section 20.055(6), Florida Statutes.

⁴ Office of Inspector General Charter.

⁵ Section 20.055(6)(i), Florida Statutes.

unavailable to appropriately separate the duties, the District should ensure that compensating controls exist.

A follow-up audit submitted to the Governing Board on September 23, 2025 disclosed no findings or recommendations relating to the scope of this audit, and District management had taken corrective actions as recommended by the Auditor General.

- ◆ **Employee Reimbursements.** In the FY 2024 OIG Annual Report, there were three recommendations made: (1) To ensure compliance with governing documents, the District should enhance processes and procedures over the education reimbursement program to ensure proper documentation is obtained to support amounts requested for reimbursement, reimbursements are for out-of-pocket expenses paid by the employee, classes are pre-approved, and final grades are obtained. In addition, the District should enhance processes and procedures to timely process recovery of education reimbursements of separating employees when possible. (2) The District should enhance procedures to ensure that payments for professional certification expenses are paid in accordance with governing documents. In addition, the District should enhance processes and procedures during the employee's resignation period to ensure that recoveries are in accordance with governing documents. (3) The District should enhance procedures to ensure safety shoes are compliant with the safety standards per governing documents and maintain detailed receipts of the safety shoes that are purchased.

A follow-up audit submitted to the Governing Board on September 23, 2025 disclosed no reportable findings or recommendations for professional certifications, and the District had taken corrective actions. However, it was noted that the District needed to continue to enhance policies and procedures over the education reimbursement and safety shoe programs.

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.

- ◆ **Cybersecurity.** This is a prior-year recommendation in which corrective actions have not been completed. In FY 2024 OIG annual report, it was noted that audit procedures disclosed certain security controls related to information security, vulnerability management, and monitoring need improvement. Specific details were not disclosed to avoid the possibility of compromising District data and IT resources. However, management was notified of the findings in these areas needing improvement. The District had a cybersecurity risk assessment completed in August 2023 that noted similar findings.

The District indicated it is continuing to enhance its cybersecurity posture and maturity. Specific details of the cybersecurity enhancements are not being disclosed to avoid the possibility of compromising District data and IT resources.

- ◆ **Risk Assessment and Security Plan.** This is a prior-year recommendation in which corrective actions have not been completed. In the FY 2024 OIG annual report, it was noted the State of Florida's Auditor General had recommended the District should document a risk assessment to help identify critical infrastructure and related security risk threats and vulnerabilities, address the most significant risks, and make appropriate decisions regarding the risks to accept and other risks to mitigate through appropriate controls. Based on the results of the risk assessment, the District should establish a security plan identifying all building, facility, and structure restricted access areas and require current and prospective employees and other persons allowed regular access to those areas to undergo fingerprint-based criminal history checks at least once every 5 years. If District management concludes, based on the risk assessment, that critical infrastructure does not exist and that the plan and criminal history checks are not warranted, justification for not establishing the plan and conducting criminal history checks should be documented.

The District indicated it has performed a preliminary risk identification of its critical infrastructure. The information from that identification was used to contract a third party to perform a risk assessment to provide recommendations on security risk threats and vulnerabilities. Staff are reviewing the recommendations to identify where

mitigation or additional controls will be required. Following this effort, the recommended security plan will be developed.

Reviews

The OIG receives internal requests to review reports, contracts, policies, procedures, or to provide information for the District's consideration. The OIG will not make management decisions but rather provides recommendations for the requestor to consider. Reviews can also include external requests from another government agency such as the Office of the Chief Inspector General, assisting with external audits, or OIG projects that do not require a formal report to the Governing Board. During the fiscal year, the OIG initiated 77⁶ review projects. Some of the projects were:

- Assist the District with the Office of Program Policy Analysis and Government Accountability (OPPAGA) review over the District's permit process. OPPAGA is performing the audit statewide and includes other water management districts, the Florida Department of Environmental Protection, and the Florida Department of Transportation. To date, there have been no findings or recommendations made by OPPAGA.
- Assist the District with a study being conducted by the United States Government Accountability Office (GAO). GAO is performing a study on ways the United States Army Corp of Engineers could help the District to enhance the climate resilience of the Tampa Bypass Canal. To date, the study is ongoing.

Investigations

Pursuant to State Law⁷ and Governing Board Policy⁸, the OIG carries out investigative duties. Complaints are received from different sources including employees, former employees, citizens, and those wishing to remain anonymous through various means such as in-person, virtual communications, the OIG fraud hotline, mail, and e-mails. When receiving a complaint, the OIG evaluates it to determine the action to be taken. Complaints that do not fall into the categories of fraud, waste, or abuse are referred to the appropriate District staff. Investigations are conducted in accordance with the *Principles and Standards for Offices of Inspector General*, issued by the Association of Inspectors General. During FY 2025, the OIG closed 13 complaints⁹. The following summarizes the complaints that resulted in reporting to the Governing Board.

⁶ As of September 19, 2025.

⁷ Section 20.055(7), Florida Statutes.

⁸ Office of Inspector General Charter.

⁹ As of September 19, 2025.

- **Water Incentives Supporting Efficiency (WISE) Program Follow-Up.** The District's WISE Program's purpose is to financially incentivize water conservation projects for non-agricultural water users. The purpose of this project was to follow-up on the corrective actions taken by the District to the recommendation made over the WISE program in June 2024.

In June 2024, the governing board was provided an investigation report over the District's WISE Program that was initiated by a complaint regarding the process over quotes. The recommendation was that the District should enhance processes and procedures over the WISE program, including those over quotes received, and determine the course of action regarding the lack of disclosure of related party quotes, overpayments, and missing equipment.

The District's WISE handbook requires a minimum of 1 quote for total project costs of \$10,000 or under and a minimum of 2 quotes for total project costs \$10,001 - \$25,000. Since the WISE handbook was updated in September 2024, the District had 1 project that was approved and reimbursed. The project involved replacing 193 existing irrigation heads to MP rotators on 2 main streets within a neighborhood association. The total project cost was \$8,406.38, the District funded \$4,203.19, and the District estimated water savings to be 2,679 gallons per day.

As part of follow-up procedures, it was determined the District received quotes from 3 vendors that were submitted by the applicant. However, the District did not calculate its funding based upon the lowest quote submitted by the applicant. The applicant received two quotes dated August 2, 2024 from the same vendor to replace all nozzles and spray bodies for \$6,946.80, or to replace all nozzles for \$3,369.20 and only charge additionally for when a spray body was needed to be replaced. On August 23, 2024, the applicant submitted to the District 3 quotes from 3 different vendors to complete the project for \$6,946.80, \$11,472.99, and \$12,960. The applicant asked the District if the reimbursement would be based upon the lowest price and if the District had flexibility due to the applicant not feeling comfortable going with the lowest quote, citing they were concerned that the quoted hours were much lower than the next highest vendor and that it would create a controversy with their current landscaper. The District responded that the reimbursement would be based upon the lowest quote officially submitted with the WISE application and only 2 quotes needed to be submitted for projects costing between \$10,000 and \$25,000.

On November 8, 2024, the applicant submitted to the District 3 quotes from the same 3 vendors for \$3,369.20, \$8,954.40, and \$12,960 along with the application. On December 11, 2024, the District asked the applicant to confirm the \$3,369.20 quote

was not used because it did not include the parts and labor (cost) for the spray body. The applicant responded back and confirmed this was the reason. In addition, the District stated the \$3,369.20 quote was deemed to be non-responsive since the as-needed cost for the labor and spray body was not listed. However, there was no documentation from the District during that time asking the applicant to provide what that cost from the vendor would be. When OIG made inquiry as to why the \$6,946.80 quote, which included the costs for labor and spray bodies, was not taken into consideration when calculating the reimbursement, the District indicated it was due to the quote not being officially submitted with the WISE application. In addition, the District indicated following the receipt of the application, a new project manager was assigned to the project and was not aware of the \$6,946.80 quote that was provided prior to the application.

Failure to take into account all quotes received or absent documentation to support the basis for which a lower quote was not used increases the risk that the District overpays an applicant or lacks sufficient support to justify why a lower quote was not taken into consideration. A similar finding was noted in the June 2024 investigation report.

Recommendation: The District should continue to enhance processes and procedures over the WISE program, including those over quotes received, and determine the course of action regarding the lower quote that was not taken into consideration when determining the District's funding share.

Management's Response. Pre and post-application information, including emails, will be saved in a shared project folder on the network so it is accessible by all District staff working on WISE projects. This will ensure that the assigned project manager has access to all pre-application quotes that were provided by the applicant.

- ◆ **Maintenance of Fleet.** A request was received to evaluate life-to-date maintenance costs for some fleet fixed-assets to ensure accuracy, appropriateness, and proper controls. Based upon the information obtained from the investigation, it was found that District processes over the accuracy, appropriateness, and proper controls of maintenance costs needed improvement and other areas for improvement are needed as described in the recommendation. A recommendation was made on May 27, 2025 that the District should enhance processes and procedures over maintenance expenditures to ensure amounts are in accordance with contracts, and work orders are properly recorded and supported by invoices. In addition, the District should implement controls over tires kept on hand, ensure tire purchases are in accordance with procurement policies and procedures, and ensure warranties are used when

applicable.

Management's Response. We agree with the findings. As a result, the following measures have been put in place to enhance processes and procedures and to implement additional controls. •Implemented written procedures which outline fleet processes including work order reviews and approvals, warranty process, parts and labor charges, and verification of government pricing. •Initiated improvements to inventory management as well as tracking within the fleet asset management software.

- **Prescribed Burns.** A complaint was received that the prescribed burn that occurred at Flatwoods Park within the Lower Hillsborough Wilderness Preserve on March 11, 2025, with concerns over communications, air quality monitoring, and alleging the burn was conducted without an adequate assessment. Based upon the information obtained from the investigation, it appears that the District performed the burn with an adequate assessment, including assessing the forecasted dispersion of smoke during the active burn period. However, the District did not communicate to residents and key stakeholders notifications required by governing documents at least 3 days prior to the burn. While the District did provide some notifications that would be subject to the 3-day requirement, these notifications were not communicated until the day of the burn. A recommendation was made on September 17, 2025 that the District should finalize the updates to any policies and procedures to ensure residents and key stakeholders are notified of prescribed burns in accordance with governing documents.

Management's Response. Prior to initiation of the investigation referenced above, the District had already taken steps to update its Prescribed Fire Communications Plan so that it would conform with the practices it was employing for notifications, including removal of the 3-day burn notice because such notices are not feasible. Also, the District has already taken corrective actions to better communicate prescribed burns such as increasing the use of social media, creating a subscription service for text and email alerts of prescribed burns, and developing a new Prescribed Burns webpage and alerts on the District's website. The District also works with our Governmental Affairs staff on burn notifications to ensure all available avenues for notice are utilized. The District will finalize the updates to the Prescribed Fire Communications Plan, including removal of the 3-day notice.

Additional Achievements, Projects, and Reports

- ◆ **Peer Review.** The OIG operates the audit function under the *Generally Accepted Government Auditing Standards*, also known as the yellow book, issued by the Comptroller General of the United States. These standards require a peer review every three years. The peer review will make a determination whether the OIG's audit work conformed in all material respects with *Generally Accepted Government Audit Standards*. The OIG received the highest rating of pass for most recent peer review. In addition to the peer review, the OIG monitors the quality of audits and investigations.
- ◆ **Cost Savings.** The IG saved the District approximately \$27,000¹⁰ with an in-house risk assessment program and \$2,000¹¹ with an in-house audit program to conduct audits. These programs were part of the peer review process which found professional standards were fully met. Savings totaled approximately \$29,000.
- ◆ **OIG Quarterly Updates submitted to the Governing Board.** Provide an update to the Board on the OIG work product and other activities. These were submitted to the Board in October 2024, January 2025, April 2025, and July 2025.

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¹⁰ Subscription to a cloud-based risk assessment program.

¹¹ Subscription to a professional audit program package. This amount does not include the initial one-time set up fee of approximately \$22,000.

PERFORMANCE MEASURES

The status of the OIG performance measures, which were approved by the Governing Board in October 2024, are as follows:

Office of Inspector General Performance Measures		
Performance Measures – Non-Routine	Goal	Status Through 9/30/2025
Complete follow-up to the Auditor General audit recommendation over revenue collections.	Submit to the Board by September 2025.	Completed September 2025.
Complete follow-up to the water incentives supporting efficiency (WISE) investigation recommendation.	Submit to the Board by September 2025.	Completed September 2025.
Complete follow-up to the employee reimbursements audit recommendations.	Submit to the Board by September 2025.	Completed September 2025.
Complete health/dental insurance audit.	Submit to the Board by September 2025.	On hold at the request of District. ¹²
Monitor the Office of Program Policy Analysis and Government Accountability (OPPAGA) audit and update the Board on the status of corrective actions.	Submit to the Board by September 2025.	Completed update September 2025.
Performance Measures - Routine	Goal	Status Through 9/30/2025
Risk assessment and audit plan.	Submit to the Board by January 2025.	Completed January 2025.
Inspector General FY 2025 Annual Report.	Submit to the Board September 2025.	Completed September 2025.
Updates to the Finance/Outreach & Planning Committee including IG performance measures.	Submit to the Board the month following each quarter-end.	100%.

¹² During January 2024, the Governing Board approved the Office of Inspector General audit plan which included an insurance audit that summarized the planned audit work to include, but is not limited to, the following: for selected employees, retirees, and dependents, obtain documentation to ensure coverage is provided to only eligible individuals (medical, dental, vision, etc.) and was properly elected. For selected transactions, determine whether correct premiums were charged and collected, pharmacy rebates were calculated correctly and properly remitted to the District, and tracking of claims before stop-gap insurance is initiated is accurate. Include a summary of the costs to offer insurance from the most recent audited fiscal year and include costs from other government entities for comparison.

During December 2024, the Office of Inspector General held the entrance conference to establish the initial meeting between OIG and the District to communicate the audit’s purpose and scope. During the entrance conference, the District expressed concerns whether the audit could be performed due to the Health Insurance Portability and Accountability Act (HIPAA). The Office of Inspector General provided documentation for which it believes supports access to the information needed to perform the audit to the District. The District has procured an outside counsel to provide an opinion on what their assessment of HIPAA is on an audit, and, as a result, the audit is on hold as updated to the Board through the quarterly updates for 3/31/25 and 6/30/25.

CERTIFICATIONS

The IG is currently certified as follows:

Certified Public Accountant (CPA).

Certified Fraud Examiner (CFE).

Certified Inspector General (CIG).

PROFESSIONAL AFFILIATIONS

To maintain professional proficiency and to establish and advance professional networks, the IG belongs to the following professional affiliations:

Association of Inspectors General.

Association of Certified Fraud Examiners.

Florida Government Finance Officers Association.

CONTINUING PROFESSIONAL EDUCATION

Continuing professional education (CPE) is essential to the OIG to maintain the certifications noted above, professional proficiency, and remain updated on changes in the industry in order to ensure the highest quality of services. The IG receives a minimum of 80 hours of CPE every two years to meet requirement of 80 CPE hours for performing audits in accordance with professional standards of the *Generally Accepted Government Auditing Standards* and the requirement by the State of Florida to maintain an active CPA license. In the past, the IG received CPE from the Association of Inspectors General, the Florida Institute of Certified Public Accountants, the Governmental Accounting Standards Board, and the Florida Government Finance Officers Association.

CONTACT INFORMATION

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Inspector General

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