

OFFICE OF  
INSPECTOR  
GENERAL

# Annual Report

October 1, 2023 Through September 30, 2024



**Governing Board**  
**September 24, 2024**

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## Southwest Florida Water Management District

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**Michelle Williamson**  
Chair, Hillsborough  
**John Mitten**  
Vice Chair, Hernando, Marion  
**Jack Bispham**  
Secretary, Manatee  
**Ashley Bell Barnett**  
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**Nancy Watkins**  
Hillsborough, Pinellas  
**Brian J. Armstrong, P.O.**  
Executive Director

September 24, 2024

Ms. Michelle Williamson, Chair  
Southwest Florida Water Management District  
2379 Broad Street  
Brooksville, Florida 34604-6899

Dear Ms. Williamson:

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 2024. 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 64 review projects, closed 8 complaints of which 1 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 Governing Board. During fiscal year (FY) 2024, the OIG's audit and investigative activities was not impaired and allowed the OIG

to fulfill its responsibilities.

This report highlights the FY 2024 work product, other activities, and is produced in accordance with State law<sup>1</sup> and Governing Board Policy<sup>2</sup>. During FY 2024, there were no significant abuses or deficiencies reported by the OIG.

## MAJOR FUNCTIONS AND ACTIVITIES

### Audits

Pursuant to State Law<sup>3</sup> and Governing Board Policy<sup>4</sup>, 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, 2023 through September 30, 2024, are summarized below.

- ◆ **Risk Assessment and Audit Plan.** State law<sup>5</sup> 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 2024, the Board approved the OIG's short-term and long-term audit plan.
- ◆ **Employee Reimbursements Audit.** This operational audit focused on reimbursements to District employees, expenditures made by the District that could have been on a reimbursement basis, recovery of eligible expenses paid by the District from separating employees, and related internal controls.

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<sup>1</sup> Section 20.055(8), Florida Statutes.

<sup>2</sup> Office of Inspector General Charter.

<sup>3</sup> Section 20.055(6), Florida Statutes.

<sup>4</sup> Office of Inspector General Charter.

<sup>5</sup> Section 20.055(6)(i), Florida Statutes.

The objectives of this audit were to: (1) 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. (2) 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

The audit disclosed that controls over employee reimbursements and related transactions need enhancement to ensure compliance with governing documents specifically over the education reimbursement program, professional certifications, and the safety shoe program.

As a result, three recommendations were 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.

- ◆ **Cybersecurity Audit.** This operational audit focused on evaluating selected information technology (IT) controls applicable to IT infrastructure.

The objectives of this audit were to: (1) Evaluate the effectiveness of selected IT controls in achieving management's objectives in the categories of compliance with controlling laws, administrative rules, and other guidelines; the confidentiality, integrity, availability, relevance, and reliability of data; and the safeguarding of IT resources. (2) 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.

Audit procedures disclosed certain security controls related to information security, vulnerability management, and monitoring need improvement. Specific details of the issues in this report are not being disclosed to avoid the possibility of compromising District data and IT resources. However, management has been notified of the findings in these areas needing improvement. The District had a cybersecurity risk assessment completed in August 2023 that noted similar findings.

As a result of the audit, a recommendation was made to ensure the confidentiality, integrity, and availability of District IT data and resources, the District should improve IT security controls related to information security, vulnerability management, and monitoring.

## **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 64<sup>6</sup> review projects. Some of the projects were:

- ◆ Assist with the Office of Program Policy Analysis and Government Accountability (OPPAGA) audit of the District's review process over permits. OPPAGA is performing the audit statewide and includes other water management districts, the Florida Department of Environmental Protection, and the Florida Department of Transportation. This audit is active and has not concluded.
- ◆ Assist with the State of Florida's Auditor General audit of IT policies and District procedures, access to IT data and resources, conflicts of interest, IT risk assessments, IT security awareness and training, security measures for critical infrastructure, compliance with selected Florida Statutes, investment reconciliations, bank reconciliations, banking agreements, land purchases, land disposals, selection of architects/engineers/construction managers, subcontractor license verification, controls over attractive items, revenue collections, permit fee collections, general expenditures, payroll expenditures, contracted services expenditures, purchasing card transactions, travel expenditures, and other various auditing procedures.

During January 2024, the AG released the audit and it disclosed that District security

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<sup>6</sup> As of September 20, 2024.



measures over buildings, facilities, and structures could be enhanced and controls over revenue collections could be improved.

As a result, two recommendations were made: (1) 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. (2) District collection procedures should be enhanced to document initial collections and appropriately separate incompatible duties. If a sufficient number of staff at any of the District office locations is unavailable to appropriately separate the duties, the District should ensure that compensating controls exist.

### **Investigations**

Pursuant to State Law<sup>7</sup> and Governing Board Policy<sup>8</sup>, 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 2024, the OIG closed 8 complaints<sup>9</sup>. The following summarizes the complaints that resulted in reporting to the Governing Board.

- ◆ **Water Incentives Supporting Efficiency (WISE) Program.** A complaint was received regarding the District's WISE Program's process over quotes. Based upon the information obtained from the investigation, it was found that District processes over quotes needed improvement. As noted in the recommendation, other areas for

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<sup>7</sup> Section 20.055(7), Florida Statutes.

<sup>8</sup> Office of Inspector General Charter.

<sup>9</sup> As of September 20, 2024.



improvement are needed. A recommendation was made for the District to 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.

### **Additional Achievements, Projects, and Reports**

- ◆ **Theft of Equipment.** During December 2023, the District reported to the local Sheriff's office approximately \$46,000 of equipment was stolen from one of its well construction sites. Recovery of the equipment has not occurred. Subsequent to the theft, the District implemented additional security measures. During August 2024, the OIG performed a site visit at one of the District sites and noted additional security measures were in place.
- ◆ **6-Month Auditor General Update.** As noted above, the Auditor General had two recommendations involving (1) security measures over buildings, facilities, and structures and (2) controls over revenue collections. The District indicated that it is in the process of taking corrective action for the first recommendation and has completed corrective action for the second recommendation.
- ◆ **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 \$27,000<sup>10</sup> with an in-house risk assessment program and \$2,000<sup>11</sup> 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 2023, January 2024, April 2024, and July 2024.

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<sup>10</sup> Subscription to a cloud-based risk assessment program.

<sup>11</sup> 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 2023, are as follows:

<b>Office of Inspector General Performance Measures</b>		
<b>Performance Measures – Non-Routine</b>	<b>Goal</b>	<b>Status Through 9/30/2024</b>
Complete statutorily required 6-month status report for any corrective actions as identified by the Auditor General (AG).	Submit to the Board 6 months from the AG report date. The AG released their report on 1/19/2024.	Completed 7/12/2024
Monitor and report to the Board as required by policy, the District's response to Auditor General recommendations not corrected by the 6-month update.	Submit to the Board by September 2024.	Completed 7/12/2024 and included in this report
Complete one audit as determined by the 2024 audit plan.	Submit to the Board by September 2024.	Completed 9/24/2024
Appropriate time allocated to efforts resulting in reporting to the Board.	65% of chargeable hours.	83%
<b>Performance Measures - Routine</b>	<b>Goal</b>	<b>Status Through 9/30/2024</b>
Risk assessment and audit plan.	Submit to the Board by January 2024.	Completed 1/23/2024
Inspector General FY 2024 Annual Report.	Submit to the Board September 2024.	Completed 9/24/2024
Updates to the Finance/Outreach & Planning Committee including IG performance measures.	Submit to the Board the month following each quarter-end.	100%

## 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 has 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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