Audit of the Python Elimination Program

Project # 18-12

Prepared by
Office of the Inspector General

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SOUTH FLORIDA WATER MANAGEMENT DISTRICT

November 7, 2018

Audit and Finance Committee Members:

Re: Audit of the Python
Elimination Program –
Project No. 18-12

This audit was performed pursuant to the Inspector General's authority set forth in Chapter 20.055, F.S. Our objective was to examine the Program's internal controls over hourly wages and cash bounty payments made to python hunters. Dan Sooker and I prepared this report.

Sincerely,

J. Timothy Beirnes, CPA
Inspector General

TABLE OF CONTENTS

BACKGROUND

In FY 2017, the Governing Board appropriated $175,000 to start a Python Elimination Pilot Program (the Program) and based on its initial success, additional funding was provided in FY 2018. Pythons were likely introduced to south Florida by accidental escape or intentional releases by pet owners. They breed and multiply quickly and have no natural predators in the Everglades ecosystem except for larger alligators. A typical female produces thirty to seventy eggs every year and can live over 20 years. As a result, pythons have decimated native populations of marsh rabbits, bobcats and other small mammals. Pythons are recognized as a significant threat to the Everglades ecosystem. The python population is unknown; however, estimates range from the tens of thousands to the hundreds of thousands.


A hypothetical diet necessary for a hatchling Burmese python to reach 13 feet in the Florida Everglades (approx. 5 to 7 years)

(Source: Dr. Stephen Secor, Univ. of Alabama and Skip Snow, Everglades National Park)

1 Raccoon
1 Opossum
4 5ft alligators
5 American coots
6 Little blue herons
8 Ibises
10 Squirrels
15 Rabbits
15 Wrens
30 Cotton rats
72 Mice
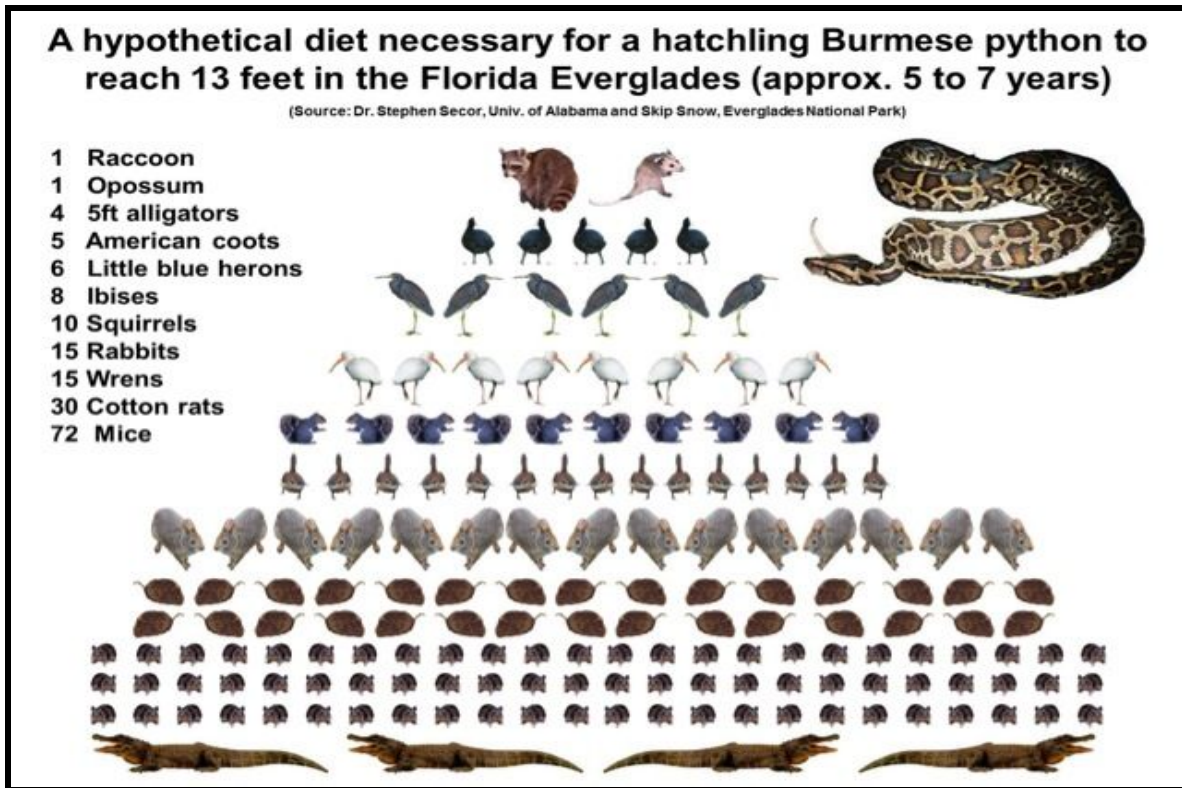
Source: Skip Snow, Everglades National Park and Dr. Stephen Secor, University of Alabama

The first phase of the Program was to select 25 professional python hunters from a pool of one thousand applicants to locate and eliminate pythons and other constrictor snakes on designated District lands and rights-of-way in Miami-Dade, Broward, Palm Beach, and Collier counties. The selected hunters were initially paid $8.10 per hour, which was minimum wage, for up to eight

hours each day python hunting. After January 1, 2018, the hourly rate was raised to $8.25 per hour to comply with the increase of the State minimum wage rate. The District also extended the maximum daily hunting threshold to 10 hours per day. Hunters submit time reports for hours spent python hunting to the Program's project manager for review and approval. Hunters were initially paid monthly but are now paid bi-weekly.

Hunters can also receive additional payments of $50, known as bounty payments, for pythons measuring up to 4 feet and an extra $25 for each foot above 4 feet, as illustrated in the table below.
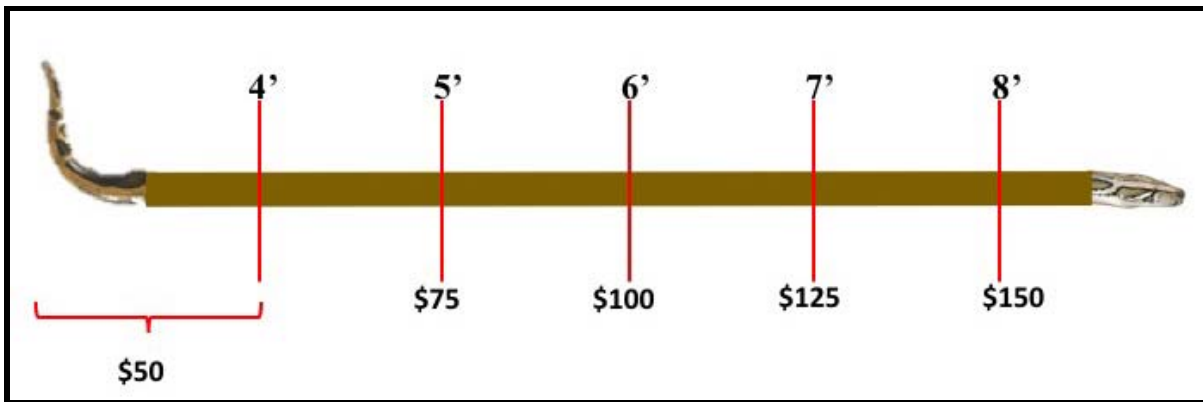
Hunters can also earn $200 for eliminating a python nest with eggs. At the Homestead Field Station, bounties are paid immediately in cash but at other District intake field stations in Miami, Big Cypress and West Palm Beach, they are paid by check though the District's accounts payable system. Most of the python drop offs are processed at the Homestead Field Station. Python drop-off hours at the Homestead Field Station are between 2:00 pm to 4:30 pm Monday through Thursday and 10:30 am through 1:00 pm on Sundays. Drop-off hours at other intake field stations vary.

The STA and Invasive Species Management Section is primarily responsible for overseeing the Program. The Section's Invasive Animal Biologist is the Program's project manager. However, staff from Procurement, Finance, Information Technology and Field Operations Bureaus have made significant contributions to establish the Program and continue to provide on-going support. The Program has experienced considerable success that is attributable to the collaborative efforts of the project manager, District support staff and the Program hunters.

The Florida Fish and Wildlife Conservation Commission (FWC) and Everglades National Park (ENP) also have python elimination programs. Recently, the FWC and ENP initiated a partnership to expand efforts to remove pythons from within the ENP. The expansion increased the number of hunters in the park from 40 to 120. According to the ENP Superintendent, pythons are a serious problem that are having severe negative impacts.

As food sources diminish in areas where pythons are established, there are concerns that python habitat is expanding. Monitoring locations that are not known to be established habitat is essential for tracking python movement. FWC incentivizes hunters to survey areas less known to have pythons by increasing the hourly rate from $8.25 to $15.00.

OBJECTIVE, SCOPE, AND METHODOLOGY

Our primary objective was to examine the internal controls over hourly wages and cash bounty payments made to python hunters. To accomplish our objectives, we performed the following:

- Examined the system of internal controls over the Program.
- Observed cash payouts to python hunters.
- Reviewed cash procedures.
- Reviewed District general ledger accounts and other records related to the Program.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

AUDIT RESULTS

Executive Summary

As of July 31, 2018, Program participants have eliminated 1,334 pythons at a cost of $292,349. Updated Program data indicates that participants have eliminated an additional 121 pythons through August 22, 2018. The Program has also provided additional benefits other than just eliminating pythons. Participants have served as land stewards reporting poachers, trespassers, fires and vandalism on District lands. The Program has also proven therapeutic for newly-returned military veterans suffering from post-traumatic stress disorder.

Participants are paid by the District for hours spent hunting and bounties for pythons captured. Bounty payments are paid in cash for pythons processed at the Homestead Field Station or by check for pythons processed at other designated intake field stations. Our discussions with Program participants revealed that they believe cash bounty payments are an important incentive. However, cash is an inherently high-risk asset.

We found that internal controls related to the Program appear sufficient to ensure that cash at the Homestead Field Station is safeguarded and transactions for hourly wages and other bounty payments are accurately processed. The Program has proper segregation of duties. Accounting controls safeguarding cash and control activities are segregated. Further, support from the Land Resources, Procurement, Finance, Information Technology and Field Operations Bureaus is integral to the Program's internal control framework.

The bank account reconciliation is a key component of the internal control system for safeguarding cash that is performed quarterly by the Finance Bureau's Functional Analyst, who is independent of the cash handling duties at the Homestead Field Station. The storekeeper at the Homestead Field Station also prepares a monthly bank reconciliation that is approved by two staff. Periodic surprise cash counts would further enhance the Program's internal controls.

Physical access controls at the Homestead Field Station include fences, entrance gates, building cameras, alarm systems and access card readers. However, these access controls are less effective at the python intake area that is located in a remote area of the Homestead Field Station grounds where hunters and their associates enter the grounds on a regular basis to collect cash payments for pythons captured. To improve security and protect the District, we recommend that the District install a camera in the approximate area of the python intake structure location to

document who is on premises and the cash payments.   During our audit, the District installed a security camera at the intake structure area.

The District has approved a total of 34 participants in the Program; however, several had under 100 hours hunting with very little success removing pythons. These less productive participants should be considered for replacement.

We also found that bi-weekly invoice preparation for participant hunting time is still a manual and time-consuming process performed by the project manager. It may have been necessary for the project manager to assume this responsibility early in the Program, but we found that the participants have become better at completing administrative tasks over time and as a result, invoice preparation should be delegated to the participants.

Cash Control Procedures Appear Sufficient but Could be Enhanced

We conducted a review of the internal controls related to the 1) safeguarding of cash on hand at the Homestead Field Station for cash bounty payments, 2) cash payment process for bounties, and 3) check payment process for time spent hunting and non-cash bounties. Our discussions with hunters revealed that they considered cash bounties to be an important Program incentive. They also attribute a significant portion of the Program's success to District staff, particularly the project manager, who they describe as engaged, fair, and very responsive during the day or at night.

The Program's cash payment process is inherently high-risk and requires a sound internal control system to mitigate risk. The foundation of a good system of internal controls is maintaining adequate segregation of duties between employees so that no one employee or small group of employees have complete control over a financial transaction from beginning to end. Ideally, employees who perform accounting functions should be separated from those employees conducting control activities. We found that the Program has proper segregation of duties. The Homestead Field Station's superintendent, storekeeper, supervisor, and administrative assistant have access to the safe and can remove cash to pay bounties, but control activities are performed by staff in the Finance Bureau and the project manager. Further, Land Resources, Procurement, Finance, Information Technology and Field Operations Bureaus are key components to the Program's internal control framework. However, internal controls can become inadequate because of changes in conditions or non-compliance with policies and procedures.

Cash and cash replenishment checks are kept in a safe in the Homestead Field Station Administrative Building. The Field Station perimeter is fenced and the entrance is gated, the buildings have cameras, alarm systems and access card readers but these access controls are less effective at the python intake area, which is in a remote area of the field station grounds. Hunters and their associates enter the field station grounds on a regular basis to collect cash payments from the District, which have been as high as $1,600, for multiple pythons. To improve security, we recommend that the District install a camera in the approximate area of the intake structure location to document who is on premises and the cash paid. During our audit, the District installed a security camera at the intake structure area.

Cash is replenished by checks that are made out to the Homestead Field Station superintendent and storekeeper and are cashed when needed at the local SunTrust Bank, which is a short distance away. Replenishment checks generally range from $50 to $1,600 but averaged about $400. At least one other field station staff is required to accompany either the Superintendent and Storekeeper. Safeguards appear adequate to ensure that cash is secured.

A bank reconciliation is prepared quarterly by the Finance Bureau's Functional Analyst who is independent of the cash process at the Homestead Field Station. The storekeeper at the Homestead Field Station also prepares a monthly bank reconciliation that is approved by two staff. Periodic surprise cash counts would further enhance the Program's internal controls. This should be performed by a District staff member who does not have access to the safe.

We tested this process to determine whether bounty payments were accurate and in accordance with established procedures. We selected 56 cash bounty payments and agreed the cash disbursement recorded in the SunTrust General Ledger account to the drop-off receipt signed by the participant and District staff. We recalculated the bounty payments and found no exceptions. We also performed a surprise cash count of the Homestead Field Station safe and found no exceptions.

Recommendations

1. Consider performing periodic surprise cash counts of the safe at the Homestead Field Station.

Management Response: Agree. The project manager can perform this task during his regular trips to the Homestead Field Station and will report the count to both the Land Resources and Finance Bureaus. It should also be noted that the Finance Bureau is investigating the possibility of providing weekly direct deposits to the program participants as a replacement to our current cash system. Once this is in place, this recommendation would become non-applicable.

Responsible Bureau: Land Resources

Estimated Completion: Completed. This practice was started on September 13, 2018 and will be performed once per month.

2. Install a camera at the Homestead Field Station's python intake area to document who is on premises and the cash exchanged.

   Management Response: Agree. Camera has been installed.

   Responsible Bureau: Field Operations - Homestead Field Station

   Estimated Completion: Completed

Replace Less Productive Program Participants

At the start of the Program, the District initially selected 25 participants from a pool of applicants to hunt pythons on District designated lands. Since that time, the District has added and removed several participants for various reasons. As of July 31, 2018, Program expenditures and the cost per python removed are as follows:

Program Expenditure	Amount
Hunter Survey Time	$ 114,988
Python Bounties	171,950
Measuring Station Supplies	5,411
Total Expenditures	**$ 292,349**
Average Cost per Python Removed	**$ 219**

Program participants have eliminated 1,334 pythons at a cost of $292,349. Of the 1,334 snakes eliminated, 694 were males, 613 were females and 27 were undetermined. Updated Program data indicates that participants have eliminated an additional 121 pythons through August 22, 2018. We found that the Program has also provided additional benefits other than eliminating python. Participants have reported poachers, trespassers, fires and vandalism on District land. The Program has also proven therapeutic for newly-returned military veterans suffering from post-traumatic stress disorder.

A total of 34 participants have accumulated 14,664 hours hunting pythons resulting in a cost of $114,988. Bounty payments of $171,950 have proven to be a significant incentive for the participants and represent primarily cash payments from the Homestead Field Station. On average, participants spent approximately 11 hours hunting to capture one python and the District paid

participants $219 for each python. However, these averages are trending downward as participants become more experienced and skilled.

Source: Patrick Campbell, Program Participant

Our review of the Program records revealed a wide range of participant commitment and python removal success. We found that one participant captured a python every three hours of hunting while a less successful participant averaged 57 hours of hunting before capturing a python. The most successful participant accrued 1,460 hours hunting and capturing 187 pythons. However, we also found several participants with under 100 hours hunting and very little success removing pythons. These participants should be considered for replacement.

Source: Brian Hargrove, Program Participant

Improve Participant Time Verification Process

The project manager verifies participant hours billed through a cellphone GPS cloud-based application called Labor Sync, which tracks and achieves participants' location and time. Participants are required to download Labor Sync on their cellphones, which allows the project manager to monitor the GPS locations and time spent while on District property. The project manager can track the participant's location in real time or review archived data later. The District pays $10 per month for each hunter that was actively tracked during the billing cycle to cover monthly application subscription costs.

During Phase 1 of the Program, tracking participant time and preparing invoices was a time-consuming process for the project manager. Participant timesheets and other support remitted to the project manager through e-mail attachments were often illegible or insufficient requiring follow-up telephone calls and/or e-mails. The project manager also manually entered participant time into an Excel spreadsheet, then prepared and remitted invoices to accounts payable for participant payment.

In collaboration with the Information Technology Division, the time reporting process was improved and streamlined through a technological solution. Participants are now required to download the Survey 123 mobile application on their electronic devices, which automated and

accelerated time reporting. However, the project manager continues to prepare the bi-weekly participant invoices which is still a time-consuming process-. This may have been necessary at the beginning of the Program, but we found that the participants have become more efficient with the technology and time reporting. As a result, project manager should discontinue preparation of bi-weekly invoices and delegate this responsibility to the participants.

We tested this process to determine whether hourly billings were accurate and in accordance with established procedures. We selected 58 invoices for participant hours worked and compared the invoiced time reported to the amount recorded in Labor Sync. Our testing revealed numerous discrepancies between invoiced time and Labor Sync, but none were material. We found that occasionally, the participants forget to turn Labor Sync off.   On rare occasions, cellphones did not work is some remote areas of the District; thus, there was no Labor Sync record. In these cases, the project manager used alternative procedures to support the hours worked, which in our judgement were adequate. Further, our testing indicated that participants were initially challenged by the time reporting technologies, but we found that errors have decreased as they became more accustomed to the software applications.

Recommendations

3. Consider replacing unproductive Program participants with new applicants.

Management Response: Agree. Three Program participants have been identified for potential removal. One will be automatically removed and replaced, while the other two will be given an opportunity to increase participation. At least one replacement participant has been identified and is undergoing the vetting process.

Responsible Bureau: Land Resources

Estimated Completion: Completed. One participant has been removed from the Program on September 11, 2018. The other two participants will be given 8 weeks to increase their participation rate.

4. Delegate bi-weekly invoice preparation to the Program participants.

    Management Response: Agree. A temporary invoice template has been created and sent out for the Program participants to use going forward. The Information Technology Division will be creating an electronic invoice for the participants to use for the long-term.

    Responsible Division: Land Resources and Information Technology

    Estimated Completion: Completed.   Program participants began preparing their own invoices on September 15, 2018. Information Technology has a soft deadline of October 1, 2018 to provide the electronic invoice.