



# FLORIDA DEPARTMENT OF Environmental Protection

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Rick Scott  
Governor

Carlos Lopez-Cantera  
Lt. Governor

Noah Valenstein  
Secretary

## MEMORANDUM

To: Noah Valenstein, Secretary

From: Candie M. Fuller, Inspector General

Subject: Six Month Audit Follow up

Date: October 8, 2018

A handwritten signature in blue ink, appearing to be "Candie M. Fuller", is written over the "From:" line of the memorandum.

In accordance with Section 20.055 (6) (h), Florida Statutes, a report of the most recent audit relating to Department of Environmental Protection, issued by the Florida Auditor General is attached. The report includes a brief summary of the audit finding, recommendation, and agency response, with status of corrective action at this time.

Please let me know if you would like additional information regarding this follow up report.

Attachment

Cc: Joint Legislative Auditing Committee  
Eric W. Miller, Chief Inspector General

**FOLLOW-UP OF AUDIT REPORTS ISSUED BY THE AUDITOR GENERAL OR OPPAGA**

AUDITING ENTITY	REPORT NUMBER	PERIOD COVERED	SUMMARY OF FINDINGS AND RECOMMENDATIONS	SUMMARY OF CORRECTIVE ACTIONS TAKEN
Auditor General	2018-122	Fiscal Year 2013-2014 and 2014-2015	<p><b>Finding No. 1: Department records did not always evidence that subsurface rights were considered in the valuation of State land dispositions.</b></p> <p><b>Recommendation: Consistent with the <i>Supplemental Standards</i> and the property rights being conveyed, we recommend that Department management take steps to ensure that appraisers document their consideration of subsurface rights when making land valuations.</b></p>	<p>The Bureau of Appraisal has included a written reminder in the Request For Proposal documents that respondents must address within the appraisal report any impact on value due to the severance of all or part of the subsurface rights from the fee interest. Further, a procedure has been established requiring that all review appraisers, both third party fee reviewers and the BA Senior Appraiser staff, confirm that appraisers have documented their consideration of subsurface rights when making land valuations, and to go back to the appraiser(s) for clarification if they have not.</p>
			<p><b>Finding No. 2: For one land acquisition totaling \$3.15 million, the Department did not ensure that the third party responsible for performing due diligence services, including appraisal services, complied with all terms and conditions of the memorandum of agreement related to the services.</b></p> <p><b>Recommendation: We recommend that Department management establish procedures to ensure that all required documents and actions associated with land acquisitions</b></p>	<p>The Division has established procedures requiring that any third party (non-governmental organization) transacting land acquisitions be required to provide all documents and applicable information in accordance with Division and Board rules, policies and requirements. This requirement is included in the written template for the Memorandum of Agreement (MOA) entered into between the Department and the third party. Each agent reviews the MOA and notes receipt of documentation on the Bureau of Real Estate Service's (BRES) Chronology form.</p>

			<p>transacted by a third party are obtained or made in accordance with applicable Division and Board rules and requirements.</p>	
			<p><b>Finding No. 3: As similarly noted in our report No. 2012-010, some appraisal reports received by the Department included errors and omissions that, while not necessarily material to the value conclusions, demonstrated a lack of attention to detail in the reports and subsequent reviews by review appraisers.</b></p> <p><b>Recommendation: We recommend that the Department exercise greater oversight of appraisers and review appraisers to ensure that adjustments and conclusions are appropriately supported and appraisal reports are complete, accurate, and in compliance with applicable standards.</b></p>	<p>The Bureau of Appraisal Senior Appraiser staff has addressed, as a group, the subject of “oversight in the review of appraisal reports and review reports” to raise our awareness and recognition of them, and to ensure that adjustments and conclusions are appropriately supported.</p>
			<p><b>Finding No. 4: Department records did not always include certain land acquisition documentation required by State law.</b></p>	<p>To ensure compliance with the affidavit requirement, “Request For Proposals” (RFP) packages sent out for bids include language that makes a definitive statement that no contract will be valid, and that no “Notice to Proceed” will be issued, until the Division receives the signed affidavit. The Bureau of Real Estate Services has</p>

		<p><b>Recommendation: We recommend that Department management establish procedures to ensure that, prior to contracting with the Department, appraisers complete affidavits substantiating that they have no vested or fiduciary interest in the parcels being appraised. We also recommend that Department management establish procedures for verifying the receipt of beneficial interest disclosures made in accordance with State law.</b></p>	<p>established procedures for verifying the receipt of the beneficial interest disclosures made in accordance with State law. Acquisition agents send out the beneficial interest disclosure form with each Option contract. Upon receipt of the executed disclosure form, the agent reviews it and an attorney from the Department's Office of the General Counsel reviews it for form and legality.</p>
		<p><b>Finding No. 5: As similarly noted in our report No. 2012-010, the Department did not always solicit bids from multiple appraisers for required appraisal services.</b></p> <p><b>Recommendation: We again recommend that Department management establish policies and procedures to ensure compliance with applicable laws and rules pertaining to the acquisition of appraisal services. Such policies and procedures should include the establishment of a minimum number of appraisers that should be solicited for bids to ensure compliance with Board rules.</b></p>	<p>The Bureau of Appraisal bids assignments to multiple appraisers, a super-majority of the time. Our policy is that a minimum of three (3) appraisers be invited to bid on all assignments. Only under rare but appropriate conditions will direct contracting be considered. In those isolated instances where it is applicable to direct bid, our procurement efforts will be in compliance with DEP 55-201 Emergency/Single Source/Contract Exceptions.</p>