




Interim  
Executive  
Director  
Marshall Stranburg

**MEMORANDUM**

**TO:** Marshall Stranburg, Interim Executive Director

**FROM:** Sharon Doredant, Inspector General   
Office of Inspector General

**DATE:** April 9, 2013

**SUBJECT:** Six-Month Update on Auditor General Report No. 2013-034, Administration of Ad Valorem Tax Program

As required by section 20.055(5)(g), Florida Statutes, attached are the six month status updates for corrective actions taken in response to the Auditor General's Report No. 2013-034, Administration of Ad Valorem Tax Program.

If you have any questions, please contact me or Marie Walker at 617-8152.

SD/mw

Attachments

cc: Blanca Bayó  
James McAdams  
Howard Moyes, Deputy Program Director  
Kathy DuBose, Staff Director, JLAC

CORRECTIVE ACTION PLAN  
Administration of Ad Valorem Tax Program  
Property Tax Oversight

Rev. 11/04

Status Date		Report No.	Report Title		
5/1/13		AG 2013-034	Administration of Ad Valorem Tax Program		
Contact Person		Program/Process		Phone No.	
Pat Ferriby		Property Tax Oversight		617-8849	
Activity		Accountability		Schedule	
		Responsible Unit	Coordinating Unit	Repeat Finding	
				No	
Anticipated Completion Date					
Finding		Problems with DOR's sampling plan caused some in-depth studies to have an inadequate number of samples in certain value groups within some strata, and the lack of samples made it difficult for DOR to accurately calculate statistical measures for those strata and the overall level of assessment for those counties.			
No.	1				
Date	11/1/2012				
Recommendation		DOR should continue to improve its sampling procedures to acquire the desired number of samples per value group to meet minimum sample sizes. Also, to achieve the targeted confidence interval or margin of error objectives, every value group should contain an adequate number of sample items, using sales, appraisals, or a combination of both.			
Original Response		The Department's sampling process comports to the International Association of Assessing Officers (IAAO) current Standard on Ratio Studies (2010). In addition, the Department implemented a multi-year sales sampling methodology in 2012 that more than doubled the number of samples available for roll evaluation. The Department is also testing a variety of sampling procedures to ensure adequate sample sizes for each value group.			
Status Updates		In addition to the implementation of a multi-year sales sampling plan in 2012, commencing with the 2013 in-depth study, the Department has reformulated its sub-stratification/grouping procedures. Grouping will now be based on parcel counts rather than value. The issue referenced by this and previous AG reports primarily centered on the absence or insufficient observations of samples in the higher numbered groups (3 & 4). The Department, in conjunction with professional standards (International Association of Assessing Officers), has moved to a new grouping process that addresses this issue. In the new grouping process, the population of properties and therefore the potential sample pool will have approximately the same number of parcels available for each group. This new sampling process should mitigate the potential for inadequate sample sizes especially in the higher numbered groups.			
<input type="checkbox"/> Open					
<input type="checkbox"/> Management assumes risk					
<input type="checkbox"/> Partially complete					
<input checked="" type="checkbox"/> Complete pending verification by OIG					
<input type="checkbox"/> Complete					

CORRECTIVE ACTION PLAN  
Administration of Ad Valorem Tax Program  
Property Tax Oversight

<b>Status Date</b> 5/1/13		<b>Report No.</b> AG 2013-034	<b>Report Title</b> Administration of Ad Valorem Tax Program	
<b>Contact Person</b> Pat Ferriby		<b>Program/Process</b> Property Tax Oversight		<b>Phone No.</b> 617-8849
<b>Activity</b>		<b>Accountability</b>		<b>Schedule</b>
		<b>Responsible Unit</b>	<b>Coordinating Unit</b>	<b>Repeat Finding</b> No
				<b>Anticipated Completion Date</b>
<b>Finding</b>		Appraisal reports and related DOR records were not always adequate to ensure that value estimates for subject properties were reliable and reasonably supported. As a result, to the extent the assessment levels published by DOR for the counties included in our review were based upon appraisal ratio studies, such assessment levels may not be accurate.		
<b>No.</b>	2			
<b>Date</b>	11/1/2012			
<b>Recommendation</b>		DOR should assure that generally accepted appraisal standards and techniques, and its policies and procedures, are properly applied and appropriately documented to clearly evidence the accuracy and credibility of all value estimates. Additionally, DOR should ensure that all analyses included or referred to in the appraisals and work files contain relevant information that completely support and document the value conclusions. Also, DOR should ensure that a highest and best use analysis is included in the appraisal work files to document its consideration in the value conclusions, pursuant to Section 193.011(2), Florida Statutes.		
<b>Original Response</b>		The Department agrees it should comply, consistent with Florida Law, with generally accepted appraisal practices and ensure policies and procedures are appropriately applied and documented. DOR appraisers have received additional training, and changes have been made to the Department's appraisal quality review process, to ensure appropriate appraisal standards and procedures are followed.		
<b>Status Updates</b>		DOR 3/25/13: The Uniform DOR appraisal report was redesigned to better facilitate monitoring what the appraisers are writing to their reports (copies available).		
<input type="checkbox"/> Open <input type="checkbox"/> Management assumes risk <input type="checkbox"/> Partially complete <input checked="" type="checkbox"/> Complete pending verification by OIG <input type="checkbox"/> Complete		<p>The Appraisal Tracking System and accompanying reports were modified to assist in monitoring changes to appraisals while they remain work in progress (see screenshots – Exhibit A).</p> <p>Managers are provided weekly reports of appraisal activity, which includes a report of potential issues with valuation changes for their follow- up (Exhibit B).</p> <p>The appraisal review process was completely restructured and is now performed in two tiers – the first tier is an in-process review of the work performed by the appraiser to provide immediate feedback for improving quality and to assist in identifying specific training needs – the second tier is an end-process review to test the effectiveness of the first tier reviews and reviewers, and to test follow through by the appraiser in addressing review issues.</p> <p>The appraisal review process was re-staffed so that all reviews of the appraisers' valuation methodology, techniques and application of data is performed by a State Certified General Appraiser in good standing, who also serves in a mentor capacity.</p> <p>The appraisal review, itself, was modified to be more comprehensive, moving from a total of 36 points of observation to a total of 86 points of observation. Standard measures for each review item were published to assist both appraiser and reviewer in understanding our expectations for the work (copies available).</p> <p>Spot training on a case-by-case basis was provided where specific needs of an appraiser were obvious.</p>		

CORRECTIVE ACTION PLAN  
Administration of Ad Valorem Tax Program  
Property Tax Oversight

**Interactive training was provided to all PTO appraisers regarding expectations for development and reporting of their appraisal work – training was conducted via WebEx over the period of August 22-24, 2012.**

**Interactive training was provided to all PTO appraisal reviewers regarding expectations for development and reporting of their review work – training was conducted via WebEx on September 20, 2012.**

**A comprehensive survey with all PTO appraisers and reviewers has been completed to assess their current educational standing in specific terms (see sample – Exhibit C). Managers are now working with each appraiser to map out a personalized course of action for each appraiser to round out their specific base of knowledge and to move those who are not already State Certified General Appraisers efficiently in that direction, and to better hone the skills of those who have already achieved that goal.**

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Administration of Ad Valorem Tax Program  
Property Tax Oversight

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Pat Ferriby	Property Tax Oversight		617-8849	
<b>Activity</b>	<b>Accountability</b>		<b>Schedule</b>	
	<b>Responsible Unit</b>	<b>Coordinating Unit</b>	<b>Repeat Finding</b>	<b>Anticipated Completion Date</b>
			No	
<b>Finding</b>	We noted instances in which DOR changed its appraisal values, subsequent to meeting with the county property appraiser, without adequately supporting its reasoning.			
<b>No.</b>	3			
<b>Date</b>	11/1/2012			
<b>Recommendation</b>	DOR should explain and document in its records any changes made to its appraisals subsequent to exchange of values between DOR and the county.			
<b>Original Response</b>	The Department has taken steps to ensure adequate documentation is provided for any changes made to appraisal valuations. Improvements to the Department's quality review process helped reduce the number of valuation changes in 2012 by more than 60 percent.			
<b>Status Updates</b>	DOR 3/25/13: The Uniform DOR appraisal report was redesigned to better facilitate monitoring what the appraisers are writing to their reports (copies available).			
<input type="checkbox"/> Open	The Appraisal Tracking System and accompanying reports were modified to assist in monitoring changes to appraisals while they remain work in progress (see screenshots – Exhibit A).  Managers are provided weekly reports of appraisal activity, which includes a report of potential issues with valuation changes for their follow-up (Exhibit B).			
<input type="checkbox"/> Management assumes risk				
<input type="checkbox"/> Partially complete				
<input checked="" type="checkbox"/> Complete pending verification by OIG				
<input type="checkbox"/> Complete				

CORRECTIVE ACTION PLAN  
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Property Tax Oversight

Exhibit A

Appraisal Setup Screen

Page 1 of 1

Assignment    Appraisal    QR    Logoff

### Valuation Screen

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Stratum / Group / Roll Seq : 6 / 2 / 9231

Document Observed Factual Differences :	02/22/2012	<input type="checkbox"/>	Clear	
Building & Extra Features Valuation Data :	02/22/2012	<input type="checkbox"/>	Clear	Cost Approach Value
Land Sale Data, Reconcile with Notes Comps Map :	03/08/0112	<input type="checkbox"/>	Clear	\$ 1,770,000
Improved Sale Data, Reconcile with Notes and Comps Map :	03/08/0112	<input type="checkbox"/>	Clear	Sales Approach Value
Insert Improved Sale Comparison Photos :	02/22/2012	<input type="checkbox"/>	Clear	\$ 1,400,000
Income Rate Comparison Data Reconciliation and Notes :		<input type="checkbox"/>	Clear	Income Approach Value
Income/Expense Data Capitalization Reconciliation and Notes :		<input type="checkbox"/>	Clear	\$
Sent to QR Stage 2 Methodology :	03/21/2012	<input type="checkbox"/>	Clear	Final Value
Reconciliation of Approaches Notes & Final Opinion of Value :	03/08/0112	<input type="checkbox"/>	Clear	\$ 1,550,000
Scope of Work Assumption & Limiting Conditions :	03/08/0112	<input type="checkbox"/>	Clear	
Signed and Dated Appraisal Certification :	03/21/2012	<input type="checkbox"/>	Clear	
Sent to QR Stage 3 Reconciliation :	03/21/2012	<input type="checkbox"/>	Clear	

Comment :

Mark as Valuation Complete :

[ Save ]    [ Cancel ]

Comment	Date	Userid
Final Value was set to 1,550,000.	06/06/2012	stepheja
Cost Approach Value was set to 1,770,000.	06/06/2012	stepheja
Cost Approach Value was set to 1,740,000.	03/21/2012	stepheja
Final Value was set to 1,500,000.	03/09/2012	stepheja
Sales Approach Value was set to 1,400,000.	03/09/2012	stepheja
Cost Approach Value was set to 1,560,000.	03/09/2012	stepheja

QR Search Screen

Page 1 of 1

Assignment    Appraisal    QR    Logoff

### Review Stages Update Screen

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Appraiser Name: JAMES STEPHENS  
Sample Year: 2012  
IDR County: 69 SEMINOLE  
Stratum: 6  
Group: 2  
Roll Sequence: 9231  
Parcel Id: 0720305120A000000

Cost Approach Value	Sales Approach Value	Income Approach Value	Final Value
\$ 1,770,000	\$ 1,400,000	\$	\$ 1,550,000

Reviewer	Stages	Reviewed	Issues Noted	Significant Issue(s)	Issues Satisfied
ROBERT TRAMPE	Stage 1: Resolved	11/15/2011	0	11/17/2011	
ROBERT TRAMPE	Stage 2: Resolved	03/27/2012	0	04/02/2012	
ROBERT TRAMPE	Stage 3: Resolved	03/27/2012	0	04/02/2012	

[ Cancel ]

Comment	Date	Userid
Final Value was set to 1,550,000.	03/27/2012	tramper
Sales Approach Value was set to 1,400,000.	03/27/2012	tramper
Cost Approach Value was set to 1,770,000.	03/27/2012	tramper

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Administration of Ad Valorem Tax Program  
Property Tax Oversight

**Exhibit B**

COUNTY NAME	Appraiser Name	STATUS CODE	STRATUM	SEQUENCE	Manager Name	COST APPROACH CHECK	SALES APPROACH CHECK	INCOME APPROACH CHECK	FINAL VALUE CHECK
Seminole	James Stephens	Activate	6	10808	David Horbert				
Seminole	James Stephens	Activate	6	8680	David Horbert				
Seminole	James Stephens	Activate	6	10729	David Horbert				
Seminole	James Stephens	Activate	6	106741	David Horbert				
Seminole	James Stephens	Activate	6	10811	David Horbert				
Seminole	James Stephens	Activate	6	9505	David Horbert		Pass		Pass
Seminole	James Stephens	Activate	6	9231	David Horbert	Pass	Pass		Pass
Seminole	James Stephens	Activate	6	8019	David Horbert				
Seminole	James Stephens	Activate	6	9667	David Horbert		Pass		Pass
Seminole	James Stephens	Activate	6	8688	David Horbert		Pass		Pass
Seminole	James Stephens	Activate	6	10758	David Horbert				
Seminole	James Stephens	Activate	6	10507	David Horbert	Pass			Pass
Seminole	James Stephens	Activate	6	7294	David Horbert				
Seminole	James Stephens	Activate	6	8072	David Horbert				
Seminole	James Stephens	Activate	6	8244	David Horbert	Pass	Pass		Pass
Seminole	James Stephens	Activate	6	8288	David Horbert				
Seminole	James Stephens	Activate	6	7591	David Horbert				
Seminole	James Stephens	Activate	6	7073	David Horbert				
Seminole	James Stephens	Activate	6	4249	David Horbert				

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Exhibit C

**Education / Training Plan Survey - Certified General**

Appraiser		Active State Certified General Appraiser - Florida	<input type="checkbox"/> Y <input type="checkbox"/> N
Date:		Active State Certified Residential Appraiser - Florida	<input type="checkbox"/> Y <input type="checkbox"/> N
Do you wish to work toward State Certified General Appraiser status?			<input type="checkbox"/> Y <input type="checkbox"/> N
College		** Appraisal QE 300 classroom hours	
		<b>Option 1 Appraisers without a Florida credential</b>	
4 yr. Bachelor's Degree	<input type="checkbox"/> Y		
	<input type="checkbox"/> N	15-hour National USPAP	<input type="checkbox"/> Y
* In Lieu of Bachelor's Degree		Basic Appraisal Principles (30)	<input type="checkbox"/> Y
English Composition	<input type="checkbox"/> Y	Basic Appraisal Procedures (30)	<input type="checkbox"/> Y
Micro Economics	<input type="checkbox"/> Y	General Appraiser Market Analysis and Highest and Best Use (30)	<input type="checkbox"/> Y
Macro Economics	<input type="checkbox"/> Y	Statistics, Model and Finance (15)	<input type="checkbox"/> Y
Finance	<input type="checkbox"/> Y	General Appraiser Sales Comparison Approach (30)	<input type="checkbox"/> Y
Algebra, Geometry, or Higher Mathematics	<input type="checkbox"/> Y	General Appraiser Site Valuation and Cost Approach (30)	<input type="checkbox"/> Y
Statistics	<input type="checkbox"/> Y	General Appraiser Income Approach (60)	<input type="checkbox"/> Y
Computer Science	<input type="checkbox"/> Y	General Appraiser Report Writing and Case Studies (30)	<input type="checkbox"/> Y
Business or Real Estate Law	<input type="checkbox"/> Y	Appraiser Subject Matter Electives (30) including 6 hours of the Florida Laws and Rules	<input type="checkbox"/> Y
Elective 1 & 2 (select 2)		<b>Option 2 Appraisers with a St Cert Residential credential</b>	
Accounting	<input type="checkbox"/> Y	General Appraiser Market Analysis and Highest and Best Use (15)	<input type="checkbox"/> Y
Geography	<input type="checkbox"/> Y	General Appraiser Sales Comparison Approach (15)	<input type="checkbox"/> Y
Agricultural Economics	<input type="checkbox"/> Y	General Appraiser Site Valuation and Cost Approach (15)	<input type="checkbox"/> Y
Business Management	<input type="checkbox"/> Y	General Appraiser Income Approach (45)	<input type="checkbox"/> Y
Real Estate	<input type="checkbox"/> Y	General Appraiser Report Writing and Case Studies (10)	<input type="checkbox"/> Y
College Complete	<input type="checkbox"/> Y	QE Complete	<input type="checkbox"/> Y
Percentage Complete	0%	Percentage Option 1 Complete	0%
		Percentage Option 2 Complete	0%

\*Effective 1/1/15: 30 semester hours no longer accepted; only Bachelor's degree or higher (in any field) from an accredited college or university.

\*\*From a nationally recognized or state-recognized appraisal organization, career center, accredited community college, college, or university, state or federal agency or commission, or proprietary real estate school that holds a permit pursuant to s. 475.451. A classroom hour is defined as 50 minutes out of each 60-minute segment. Past courses may be approved by the board and substituted on an hour-for-hour basis.