

**DEPARTMENT OF
ENVIRONMENTAL PROTECTION**

Administration of State Land Acquisitions
and Dispositions



Sherrill F. Norman, CPA
Auditor General

Secretary of the Department of Environmental Protection

The Department of Environmental Protection is established by Section 20.255, Florida Statutes. The head of the Department is the Secretary who is appointed by the Governor, with the concurrence of three members of the Cabinet or subject to confirmation by the Senate. During the period of our audit, the following individuals served as Department Secretary:

Shawn Hamilton From June 7, 2021

Noah Valenstein Through June 4, 2021

The team leader was Mark Hesoun and the audit was supervised by Samantha Perry, CPA.

Please address inquiries regarding this report to Samantha Perry, CPA, Audit Manager, by e-mail at samanthaperry@aud.state.fl.us or by telephone at (850) 412-2762

This report and other reports prepared by the Auditor General are available at:

FLAuditor.gov

Printed copies of our reports may be requested by contacting us at:

State of Florida Auditor General

Claude Pepper Building, Suite G74 · 111 West Madison Street · Tallahassee, FL 32399-1450 · (850) 412-2722

DEPARTMENT OF ENVIRONMENTAL PROTECTION

Administration of State Land Acquisitions and Dispositions

SUMMARY

This operational audit of the Department of Environmental Protection (Department) focused on the Department's administration of State land acquisitions and dispositions. The audit also included a follow-up on the findings noted in our report No. 2018-122. Our audit did not disclose any reportable conditions regarding the Department's administration of State land acquisitions and dispositions.

BACKGROUND

Acquisitions and dispositions of State lands, other than for transportation and water management purposes, are generally made by the Board of Trustees of the Internal Improvement Trust Fund (Board), with the assistance of personnel from the Department of Environmental Protection (Department), Division of State Lands. The Board is composed of four trustees: the Governor, Attorney General, Chief Financial Officer, and Commissioner of Agriculture. State law¹ provides the authority, procedures, and funding mechanisms for the State's acquisition and disposition of real property and Board rules² prescribe additional State land acquisition and disposition procedures.

During the period January 2020 through February 2022, the State closed on 182 State land acquisitions, totaling 81,362 acres, for a total purchase price of \$191,003,902, and closed on 39 State land dispositions, totaling 138 acres, for a total sales price of \$11,564,522.

AUDIT RESULTS

Our audit did not disclose any reportable conditions regarding the Department's administration of State land acquisitions or dispositions. Nothing came to our attention through our audit procedures to indicate that Department controls, as designed and implemented, were not adequate to ensure that the Department properly administered State land acquisitions and dispositions in accordance with State law, Board rules, applicable appraisal standards, and other guidelines. As such, we are not making any recommendations.

PRIOR AUDIT FOLLOW-UP

The Department had taken corrective actions for the findings included in our report No. 2018-122.

¹ Chapters 253, 259, and 375, Florida Statutes.

² Board Rules, Chapters 18-1 and 18-2, Florida Administrative Code.

OBJECTIVES, SCOPE, AND METHODOLOGY

The Auditor General conducts operational audits of governmental entities to provide the Legislature, Florida's citizens, public entity management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

We conducted this operational audit from May 2022 through August 2023 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.

This operational audit of the Department of Environmental Protection (Department) focused on the administration of State land acquisitions and dispositions. For those areas, the objectives of the audit were to:

- Evaluate management's performance in establishing and maintaining internal controls, including controls designed to prevent and detect fraud, waste, and abuse, and in administering responsibilities in accordance with applicable laws, administrative rules, contracts, grant agreements, and other guidelines.
- Examine internal controls designed and placed into operation to promote and encourage the achievement of management's control objectives in the categories of compliance, economic and efficient operations, the reliability of records and reports, and the safeguarding of assets, and identify weaknesses in those internal controls.
- Determine whether management had corrected, or was in the process of correcting, all deficiencies disclosed in our report No. 2018-122.
- Identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

This audit was designed to identify, for those programs, activities, or functions included within the scope of the audit, deficiencies in internal controls significant to our audit objectives; instances of noncompliance with applicable governing laws, rules, or contracts; and instances of inefficient or ineffective operational policies, procedures, or practices. The focus of this audit was to identify problems so that they may be corrected in such a way as to improve government accountability and efficiency and the stewardship of management. Professional judgment has been used in determining significance and audit risk and in selecting the particular transactions, legal compliance matters, records, and controls considered.

As described in more detail below, for those programs, activities, and functions included within the scope of our audit, our audit work included, but was not limited to, communicating to management and those charged with governance the scope, objectives, timing, overall methodology, and reporting of our audit; obtaining an understanding of the program, activity, or function; identifying and evaluating internal controls significant to our audit objectives; exercising professional judgment in considering significance and audit risk in the design and execution of the research, interviews, tests, analyses, and other procedures included in the audit methodology; obtaining reasonable assurance of the overall sufficiency

and appropriateness of the evidence gathered in support of our audit's findings and conclusions; and reporting on the results of the audit as required by governing laws and auditing standards.

Our audit included the selection and examination of transactions and records. Unless otherwise indicated in this report, these transactions and records were not selected with the intent of statistically projecting the results, although we have presented for perspective, where practicable, information concerning relevant population value or size and quantifications relative to the items selected for examination.

An audit by its nature does not include a review of all records and actions of agency management, staff, and vendors, and as a consequence, cannot be relied upon to identify all instances of noncompliance, fraud, waste, abuse, or inefficiency.

In conducting our audit, we:

- Reviewed applicable laws, rules, Department policies and procedures, and other guidelines, and interviewed Department personnel to obtain an understanding of Department processes and responsibilities related to State land acquisitions and dispositions.
- As subsequently described, evaluated Department actions to correct the findings noted in our report No. 2018-122.
- From the population of 182 State land acquisitions approved and closed by the Board of Trustees of the Internal Improvement Trust Fund (Board) or its designee during the period January 2020 through February 2022, examined Department records for 10 selected State land acquisitions to determine whether the Department complied with Chapter 253, Florida Statutes, and Board Rule 18-1, Florida Administrative Code, when acquiring the lands. In addition, for the 10 State land acquisitions, we:
 - Determined whether the appraisal and appraisal reviews were timely obtained and made in accordance with Section 253.025, Florida Statutes; Board Rules, Chapter 18-1, Florida Administrative Code; applicable appraisal standards; and other guidelines.
 - Determined whether the negotiation files were complete, properly documented, and in accordance with Section 253.025, Florida Statutes, and Board Rules, Chapter 18-1, Florida Administrative Code.
 - Determined whether the appraisers associated with the State land acquisitions were approved by the Department and sought through a competitive bidding process in accordance with Board Rules, Chapter 18-1, Florida Administrative Code.
- From the population of 39 State land dispositions approved and closed by the Board or its designee during the period January 2020 through February 2022, examined Department records for 6 selected State land dispositions to determine whether the Department complied with Chapter 253, Florida Statutes, and Board Rules, Chapters 18-1 and 18-2, Florida Administrative Code, when disposing of the lands. Additionally, we determined whether the appraisers associated with the selected State land dispositions were approved by the Department and sought through a competitive bidding process in accordance with Board Rules, Chapter 18-1, Florida Administrative Code.
- Communicated on an interim basis with applicable officials to ensure the timely resolution of issues involving controls and noncompliance.
- Performed various other auditing procedures, including analytical procedures, as necessary, to accomplish the objectives of the audit.
- Obtained the views of management concerning the conclusions in this report. Management's response is included in this report under the heading **MANAGEMENT'S RESPONSE**.

AUTHORITY

Pursuant to the provisions of Section 253.025(14), Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.

A handwritten signature in blue ink that reads "Sherrill F. Norman". The signature is written in a cursive style with a large, stylized initial 'S'.

Sherrill F. Norman, CPA
Auditor General

MANAGEMENT'S RESPONSE

Department management concurred with the audit results.