



Audit of the Land Stewardship Program

Report # 07-06

Prepared by
Office of Inspector General

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SOUTH FLORIDA WATER MANAGEMENT DISTRICT

October 8, 2008

Audit and Finance Committee Members:

Mr. Charles J Dauray, Chair
Mr. Eric Buermann, Member
Mr. Michael Collins, Member
Mr. Paul Huck, Member

Re: Audit of the Land Stewardship
Program- Report #07-06

This audit was performed pursuant to the Inspector General's authority set forth in Chapter 20.055, F.S. The objective of the audit was to examine Land Stewardship operations and the processes used to manage District owned lands. This report was prepared by Dan Sooker.

Sincerely,

John W. Williams, Esq.
Inspector General

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BACKGROUND

In accordance with the amended FY 2007 Audit Plan, we conducted an Audit of the Land Stewardship Program (the “Program”).

The major goal of the Land Stewardship program is to conserve and protect water resources, protect and restore land to its natural state and condition, and provide public use. As such, the Program aims to provide natural resource protection, effective land management and reasonable opportunities for appropriate agricultural use while allowing compatible recreational uses on designated public lands.

The Land Stewardship Division, within the Department of Land Acquisitions and Management, is responsible for managing 623,310 acres of District owned and controlled property. Program activities include developing and implementing management plans and monitoring properties to ensure compliance with plans. Land Stewardship measures progress towards meeting project goals through a monthly activity report. This report includes, but not limited to, the number of acres treated for exotic plant control, prescribed burns, and other information for each project.

The Division consists of thirty-four employees deployed throughout the District. Most of the staff work from service centers and other remote locations. For the District’s Dupuis property, the land manager and staff are stationed on the property. Land Stewardship’s five Senior Environmental Analysts’ serve as the lead land managers responsible for all aspects of land management including planning and project management activities for properties in their region. They are also on-site regularly inspecting the properties.

The Land Stewardship Division also partners with other government agencies to help manage District properties. The Florida Fish and Wildlife Conservation Commission and other local governmental entities have contracted with the District to help manage land that allows public access and recreational activities.

In FY 2007, the Division spent \$9.4 million managing District properties, which included controlling invasive plants, and to the extent possible restoring the land back to its natural state and condition.

OBJECTIVE, SCOPE AND METHODOLOGY

The objective of the audit was to examine the operations of the Land Stewardship program and the processes used to manage District owned lands. Land Stewardship, in cooperation with a committee consisting of public and private representatives, develops Land Management Plans for all District properties, and then updates the plans every five years.

Our focus was on how Land Stewardship monitors these properties for compliance with land management plans. We also examined whether land management agreements with other governments are managed in accordance with lease terms and conditions and in accordance with land management plans.

In addition, we examined how Land Managers, Project Managers, and other government agencies work together to coordinate land management activities. In order to accomplish our objectives we performed the following procedures:

- Interviewed appropriate District staff including project and land managers
- Reviewed land management plans
- Reviewed processes used to coordinate and manage Land Stewardship activities
- Reviewed management agreements with other government agencies

Our audit was conducted in accordance with Generally Accepted Government Auditing Standards. These 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

Summary

In FY 2007, unauthorized excavation activities occurred on District project land in Critical CREW that uncovered internal control weaknesses in the Land Stewardship monitoring process. District management negotiated a settlement with the developer/excavator to restore the property to an environmentally sound condition. However, our investigation into these activities revealed that unclear lines of project responsibility and a lack of communication between the project manager and the land manager contributed to the internal control breakdowns.

To improve communication among District monitoring staff and improve controls, Land Resources developed a more formalized land stewardship processes, which includes strengthening supervisory controls. The Environmental Resource Regulation Department has completed organizational changes to improve internal controls over the permitting process in Service Centers.

While at the Dupuis Management Area, we noted a control weakness in procedures to collect voluntary donations of cash and checks. The primary control objective in the collection phase is to ensure that all funds are accounted for and deposited in a timely manner. Segregation of the collection and recording functions is the best internal control procedure but is not always possible because of staff limitations. A good compensating control for cash collection when segregation is not feasible would be dual custody of the cash during the lockbox collection and recording phases. We are recommending that the District Administrative staff assigned to the Dupuis Management area accompany the Florida Atlantic University employee to collect the lockbox receipts. The District land manager should compare the deposit receipt to the bank statement.

We examined properties where the District has entered into management agreements with other government organizations. For the properties visited and inspected, we observed that these local governments were very good stewards of District lands.

The District's Vegetation Management Division maintains a database to record all exotic vegetation treatments on District owned property and the herbicide used. However, treatments by Land Stewardship and other divisions are not always recorded in

the database. We recommend that all exotic vegetation treatment efforts be recorded in the database.

Internal Control Processes over Land Stewardship Needs Strengthening

The objective of Land Stewardship is to manage all District owned lands, including conservation and project land, in an environmentally acceptable manner. Land acquired for future projects, known as project lands, is managed differently than conservation lands. Conservation lands are those held for preservation and recreational purposes that generally do not involve construction or restoration project activities. Project lands are frequently managed jointly by land managers and project managers. These properties will be used for water resource projects and other large restoration initiatives at some point in the future (e.g., construction of water infrastructure, restoring land to natural conditions, etc.) In the interim, the property is sometimes leased for farming activities, such as grazing and farming.

Over the last ten years, the District inventory of land for major restoration initiatives has grown significantly. In FY 1997, land stewardship managed more than 330,000 acres. Ten years later, land inventory has almost doubled to 623,310 acres. As a result of this rapid growth and increased workload, more formalization of land stewardship processes would prove beneficial.

In FY 2007, unauthorized excavation activities occurred on project land in the Critical CREW area that uncovered internal control weaknesses in the Land Stewardship's land monitoring process. Ordinarily a good system of internal controls detects and corrects errors or irregularities within the normal course of business. However, the District internal control system over the land stewardship process did not uncover the earthwork project and report the activities to the appropriate level of management. This operation continued for about one-year before Lee County enforcement personnel informed the District that excavation activities were occurring on its property. District executive management issued a cease and desist order to the excavation contractor.

District management negotiated a settlement with the developer to return a good portion of the excavated materials taken and to restore the property to an environmentally sound condition. However, our investigation into these activities revealed that a lack of communication between the project manager, the land manager, and permitting staff was the primary factor for process lapses. Unclear lines of project responsibility between project managers and the land managers contributed to the internal control breakdowns.

The Regulation enforcement staff was also aware of the earthwork activities occurring on the property but was not aware that the District owned the property. Enforcement staff flew over the Grant property twice to observe operations related to a dewatering permit. After the District acquires property, land acquisition records the coordinates of newly acquired property into a GIS database, which is accessible to land managers, Regulation's enforcement staff and other employees at the District. This database has the coordinates of all District owned property. However, Regulation staff did not access the database in this case.

Management from Land Resources and Regulation has initiated changes to formalize Regulation and land stewardship processes (See Addendum 1). Land Resources is developing and implementing more formalized land stewardship processes by strengthening supervisory controls. To improve consistent application of policies and procedures, any decision that affects District lands will be coordinated and approved by the Land Stewardship Division Director and the Director or Deputy Director of the Land Acquisition and Management Department (see Addendum, Section 4).

Land managers are an integral part of the internal control system, particularly when jointly managing project lands with a project manager. The land manager provides additional oversight to ensure that the property is being conserved and protected, as well as ensuring that land activities are congruent with the management plan. Our review of land manager reports revealed that documentation should be improved. To improve land manager skill set, Land Resource management is initiating a cross-training program to better equip land managers to manage District property. Land managers will be trained in District contracting processes and regulatory matters. Florida Fish and Wildlife Conservation Commission officers monitoring District land will be provided with laptop computers for real time input when conducting field operations. Land Resource

management is proposing to compliment their ground surveillance program with additional aerial reconnaissance to monitor activities on District owned lands.

The Environmental Resource Regulation Department has implemented organizational changes to improve controls over permit applications issued from Service Centers. All Service Center Regulatory Division Directors now report directly to the Environmental Resource Regulation Department Director. Environmental Resource Regulation management staff in West Palm Beach headquarters coordinates with the Service Centers biweekly to review pending applications.

Recommendations

- 1. Finalize and implement proposed revisions and additions to Land Stewardship procedures to monitor and secure District owned land. (See addendum 1)**

Management Response: The Land Management strategy to secure District lands has been completed. It has received approval from Ken Ammon, Deputy Executive Director, Everglades Restoration Resource Area. In the near future, Tom Olliff will be briefed on the strategy. Many of the action items are currently being implemented. The contract for aerial photography services has been competitively bid and awarded.

Responsible Department: Land Acquisition and Management Department, Land Stewardship Division

Estimated Completion Date: Completed

- 2. Require Regulation staff to verify District land ownership prior to approving new permits or permit modifications.**

Management Response: Regulation Management has completed the organizational changes to improve controls over the permitting process in Service Centers.

Responsible Department:	Environmental	Resource	Regulation
	Department		
Estimated Completion Date:	Completed		

**Government Partners are
Good Stewards of District Lands**

The District offers public use opportunities on many of its properties purchased under the Save our Rivers program. For some properties that allow public access and recreational activities such as hunting, the District has partnered with state and/or local governments to help manage the properties.

Agreements with local government contractors require them to maintain the property and any improvements in a safe, clean and serviceable condition, often at no cost to the District. However, the Florida Fish and Wildlife Conservation Commission manages multiple properties and charges the District to oversee hunting activities and other public use. The agreement stipulates that the Commission is primarily responsible for maintaining and updating wildlife species lists, overseeing management of the fish and wildlife resources; enforcing all laws, rules, and regulations relating to wildlife resources and aquatic life; and public use of the management areas. The Commission remits a monthly report to the District and other reports in accordance with contractual terms.

We selected two agreements to conduct a site visit in which county governments within the boundaries of the District were managing District property. Both properties had classroom buildings, environmental education centers and hiking trails. One of the properties located in Orange County had a boardwalk system meandering through the low-lying areas of the property.

Our observations indicated that these local governments were very good stewards of District lands. The buildings, the boardwalk system and hiking trails were very well maintained by local government partners. Representatives from the counties that we met with stated that thousands of students from kindergarten to junior college visit these properties each year. We also walked much of the property noting no exotic vegetation.

We also reviewed Land Stewardship's management and restoration activities on District properties for the fiscal year 2007. We compared the planned activities to actual results, verifying exotic vegetation treatments, prescribed burns and other activities through site inspections and found that Land Stewardship was meeting its goals and objectives.

Controls Over Collections of Dupuis Donations Need Strengthening

The District's Dupuis Management Area is also widely used by the public. During our site visit, we noted lockboxes at the entrance to the property for donations from campers, hikers and other users. According to the District's on-site land manager, voluntary donations in the form of cash and checks totaling approximately \$1,000 per month are deposited in these lockboxes on a regular basis. A Florida Atlantic University (FAU) staff person, who is assigned to the Dupuis site, collects the cash and checks from the lockboxes and takes them to the Dupuis offices, where it is counted with a District administrative staff and a deposit receipt is prepared. The District's land manager signs the deposit receipt and these funds are taken to the bank and deposited in an FAU account restricted for Dupuis property improvements.

Cash and checks can be easily misappropriated without proper internal controls. The primary control objective in the collection phase is to ensure that all funds are accounted for. Segregation of the collection and recording functions is the best internal control process but is not always possible because of staff limitations. A good compensating control for cash collection when segregation is not feasible would be dual custody of the cash during the lockbox collection and recording phases. As such, the District Administrative Staff should accompany the FAU employee to collect the lockbox receipts. The District land manager should compare the deposit receipt to the bank statement.

Recommendation

- 3. In order to provide dual custody of cash during collection and recording phases, the District Administrative staff assigned to the Dupuis Management area should accompany the FAU employee to collect the lockbox receipts. The District land manager should compare the deposit receipt to the bank statement.**

Management Response: A Land Stewardship staff member will be assigned to accompany the FAU employee when collecting lockbox donations and will verify deposit receipts match corresponding bank statements.

Responsible Department: Land Acquisition and Management
Department, Land Stewardship Division -
Dupuis Staff

Estimated Completion Date: Completed

**Documentation of Herbicide Treatments
Needs to be Strengthened**

Operations and Maintenance’s Vegetation Management Division maintains a Weedar database to record all exotic vegetation treatments (contractor and in-house staff) that includes the number of acres treated and the herbicides applied. The database is not only used by the District to update treatment applications but also the National Parks Service, USACE, the State of Florida’s Department of Environmental Protection, and other agencies.

This database provides a central repository in which the District, state and federal agencies report statewide exotic vegetation eradication efforts. The advantages of a central database are improved planning and budgeting, coordinating herbicide treatment efforts, and reporting accurate-consistent herbicide application treatment information.

The Director of Vegetation Management was complementary of the Land Stewardship's vegetation management effort but thought that documentation of Land Stewardship treatments could be improved. Land Stewardship does not consistently update the database for herbicide treatments on property they manage.

Recommendation

- 4. Ensure that all herbicide treatments are recorded in the Vegetation Management Division's Weedar database.**

Management Response: Staff will be directed to review FY 08 exotic plant control activities and assure that all past and future treatments of exotic vegetation are captured in the Weedar database.

Responsible Department: Land Acquisition and Management
Department, Land Stewardship Division

Estimated Completion Date: Completed

Land Management Strategy to Secure District Lands

The Land Acquisition and Management Department developed the following long-term strategy to manage District-owned land and secure the properties from unauthorized and illegal use.

1. **Monitor District Lands** – Use aerial photography and ground surveillance to monitor activities on District owned lands:
 - **Flights Using District Helicopters**
 - District land managers fly District lands quarterly to survey the condition of the properties, including illegal activities, exotics and other restoration work.
 - **District Regulatory Flights**
 - If problems are suspected on District lands, then the land management staff will join the Regulation staff on one of their regularly scheduled Regulatory Flights. The flights are limited to certain areas being flown on certain days.
 - **Aerial Photography** – The State of Florida, Department of Revenue, will be providing aerial photography every three years. Efforts will be undertaken by the Land Acquisition and Management Department to secure aerial photography during intervening years through the use of a private vendor to detect illegal activities on District lands and for mapping purposes. To improve coordination among departments, staff from Land Acquisition and Management, Regulatory, and Operations and Maintenance will review photos from flights.
 - The Land Acquisition and Management Department will contract with a private vendor for the collection of aerial photography on a quarterly basis to evaluate activities on District lands, especially lands managed by District staff. The photography will not be able to be utilized for mapping purposes.
 - The Regulation Department obtained aerial photography by AirPhoto USA in the spring of 2007. The aerial photography is taken by the company and sold commercially to other interested parties. This photography can only be used to identify potential issues on District lands and cannot be used for mapping.
 - **Ground Site Visits**– Land Acquisition and Land Management Staff, Contractors, law enforcement officers (such as Florida Fish and Wildlife Conservation Commission (FFWCC), and contracted FFWCC biologists conduct routine site visits on District properties. Currently, all District lands are visited by land managers. The frequency of visits is based on the type of land, staffing levels, location, and history of security or ecological issues. Beginning in FY 2008, the District will be funding a total of five Wildlife Officer positions dedicated to providing law enforcement services exclusively on District property. The District also contracts with FFWCC to fund five Wildlife Biologists positions that manage public use and conduct site visits and land management activities on District property.

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- *Lands Leased or Managed by Other Governmental Entities (conservation lands)* – These lands are managed by other government agencies, so the District land managers typically visit two to three times per year.
 - *Vacant Lands* – These are visited by District land managers or law enforcement once per week or once per month depending on need and whether a history of illegal activity exists on the property.
 - *Conservation Lands Managed by the District* – These lands are usually visited by the land managers daily, but sometimes weekly depending on the activities at the property. Lands with hunting are visited more frequently. All hunting related activities are managed by the Florida Fish and Wildlife Conservation Commission.
 - *Leased Lands* – These lands are visited minimally twice per year to complete formal fitness reports. If there are ongoing issues, the properties are visited more frequently.
 - **Flights with Florida Fish and Wildlife Conservation Commission** law enforcement officers to review activities on leased and unleased parcels to identify illegal activities
 - **Contracting mechanisms:**
 - Land Management Services Contracts – In April 2006, the Governing Board approved nine interim land services contracts that include activities such as security, site inspections, and verification of BMP plans– each contract contained a not to exceed amount of \$2 million per contract and \$400,000 per year. At the April meeting, the Governing Board only approved \$100,000 to be budgeted for these contracts with the remainder subject to future Governing Board approval. Procurement negotiated with the nine companies. These contracts are primarily intended to cover interim lands.
 - Science and Technology Services Contracts managed by the IT Department – five companies are available to acquire imagery; \$35 million has been pre-approved by the Governing Board. Work orders can be written on the contracts.
 - New contract for aerial photography taken quarterly to detect change and illegal activities on District-owned lands. Staff are currently developing a scope of work in coordination with GIS staff and Procurement to contract out this service.

2. **Training**

- *Contracts Training* – The District hires contractors to monitor properties, and Land Management staff will need to know how to manage these contracts. This training will be conducted by procurement staff at no cost to the Department.
- *Lease Training* – Land managers that oversee leased property received training at the end of 2007 on all aspects of leases. Staff are aware of their

responsibilities associated with the enforcement of the leases. Training will be provided at no cost to department.

- *General Regulatory Overview* - This will serve to provide land management staff an introduction to regulatory requirements on District lands. The Regulation Department will conduct the training at no cost to the department.
- *Overview of How and What to Report to Supervisor* – Department and Division Directors are working with staff on the proper protocol for keeping managers and supervisors informed.

3. **All lands acquired by the District are entered into the IRIS database and uploaded to the GIS system.** SFWMD staff (particularly regulatory staff) can access the GIS system to determine if District lands are affected by a permitting action. “District Owned Lands Early Warning System” is used to notify interested parties of Environmental Resource Permit and Water Use Permit applications that have come in for work on or near District Owned Lands. However, at this time minor modifications do not require ownership verification. It is recommended that ownership is verified for all permit actions, no matter the size.

4. **All land acquisition and management issues need to be coordinated through the Land Acquisition and Management Department.** In the past, staff from the Service Centers have been involved in land acquisition and land management issues/decisions without coordinating or communicating with staff at Headquarters. In addition, the land management staff located in the Service Centers often received instruction from Service Center Directors, or they were delegated responsibilities without approval from their supervisors at Headquarters. **To ensure consistency with land management rules and policies and to help reduce conflict and improve communication, all future issues/decisions/uses regarding District lands will be coordinated and approved through the Land Stewardship Division Director and the Director or Deputy Director of the Land Acquisition and Management Department.**

5. **Formal notification to land management staff regarding the acquisition of property.**

- On a monthly basis, a summary will be provided by the closers to the land managers of properties that were acquired during that month. The short summary will include a map, the intended final use of the land, the interim use of the land, any rights retained by the owners, and special status or circumstances associated with the land, such as condemnations.
- In addition, land management staff will work with regulatory staff to ensure permits are cancelled or transferred on lands acquired by District.

6. Leases

- Staff will ensure that lease fees and agreements are up to date and best management practices (BMP) requirements meet state law (Lake Okeechobee Protection Act and Total Maximum Daily Loads) and are being implemented.
- FDACS is reviewing the District's existing conservation plans for adequacy with existing BMP programs and will provide recommendations. The reviews will occur during FY07 and FY08.
- The District is working with a contractor to review existing BMPs and stocking densities on farms north of Lake Okeechobee to ensure the lessees are properly implementing the practices.
- The District will ensure all requirements and BMPs identified by FDACS are included in the lease agreements.
- Contractors hired by the District to assist with BMP efforts need to be certified by Natural Resources Conservation District.

7. Tools for Land Managers

- The newly developed and finalized Land Management Interactive Spreadsheet allows land managers to record their inspection results and recommendations in an electronic format immediately that can be easily shared with others.

8. Housing for FFWCC officers

The District currently administers a law enforcement housing program as a method to increase the law enforcement presence and deter illegal activity on District lands. Currently, law enforcement officers from the Florida Fish and Wildlife Conservation Commission and Florida Department of Transportation reside on District property on 12 different sites. The District has budgeted \$25,000 in FY 2008 to maintain District-owned houses used in the law enforcement housing program and another \$20,000 to develop mobile home sites (including water, septic, and electric hook-ups) to accommodate mobile homes purchased and moved onto District property by law enforcement officers. Where mobile home sites are provided, the officer is responsible for purchasing their own mobile home and paying all utility costs.

9. Computers for FFWCC officers

In FY07, ten computers were provided by the District to Florida Fish and Wildlife Conservation Commission officers patrolling District property at a cost of \$40,000. The computers were purchased for installation in patrol vehicles to improve communication and increase efficiency in providing law enforcement services on District property.

10. Other security measures

Most of the security activities implemented on the properties are contracted. Annually, a minimum of \$75,000 is budgeted for signage and fencing.

Summary of Costs to Secure District Lands

Description	Cost	Department Paying for Security Measures	New Security Measures
Quarterly Aerial Photography Flights	\$136,000	Land Acquisition and Management	Yes
Ground Visits – FWC Law Enforcement	\$1,302,250	Land Acquisition and Management; Right of Way; STA Management; Operations and Maintenance	No
Ground Visits – FWC Contracted Biologists	\$532,926	Land Acquisition and Management; Right of Way; STA Management	No
Law Enforcement Housing (maintenance of existing, District owned residences)	\$25,000	Land Acquisition and Management	No
Law Enforcement Housing (development of 2-3 mobile home pads)	\$20,000	Land Acquisition and Management	Yes
Other Security Measures (signs and fencing)	\$75,000	Land Acquisition and Management	No
Mobile Computers (10) for FWC Patrol Vehicles	\$40,000	Land Acquisition and Management	Yes
Total Cost	\$2,056,176		

Total annual recurring costs:	\$2,016,176
One time costs for 10 mobile computers:	\$40,000