

# Audit of Land Acquisition and Management Processes





# Background

For the period October 1, 2007 through December 31, 2009, the District spent \$349 million on land acquisitions.

- 43 employees are responsible for the entire acquisition process from negotiations to closing.
- Land acquisitions are based on fair market value (FMV) which is defined by Florida law as the amount of money that a purchaser willing but not obligated to buy the property would pay an owner willing but not obligated to sell.
- FMV determined through the appraisal process.

# Background (Continued)



Appraisal process is governed by professional organization standards, state and federal laws :

- Uniformed Standards of Professional Appraisal Practices (USPAP)
- Uniform Appraisal Standards for Federal Acquisitions

# Background (Continued)



## Florida State Statutes and Federal Laws require:

- 2 Appraisals required over \$1 million
- Review appraisals

## District Policies and Procedures

- Embody statute and standards

# Background (Continued)



## Appraisal Function

- Provide independent market valuations for acquisitions and disposals.
- Serves an important internal control in protecting the integrity of the land acquisition process

# Objective, Scope and Methodology



Our objective focused on examining the land acquisition and appraisal processes for the period October 1, 2007 through December 31, 2009.

- Reviewed future land acquisition program needs
- Reviewed the outside appraiser selection process
- Determined compliance with District policies and procedures related to land acquisitions

# Align Land Acquisition Program Staffing Needs with the Anticipated Work Plan



## Land Acquisition Program Projections

Expected reductions in revenues available for land acquisition

- Revenue contributions from the State of Florida  
Save Our Everglades and Florida Forever Trust Funds.
- Ad valorem tax revenue

# Align Land Acquisition Program Staffing Needs with the Anticipated Work Plan



Going forward - District new land acquisition forecasts project significant reductions

- five-year work plan anticipates minimal acquisitions
- But may require inverse condemnation acquisitions

# Align Land Acquisition Program Staffing Needs with the Anticipated Work Plan



## Recommendations

- Align Land Acquisition Program staffing needs with the anticipated work plan.
- Contemplate future needs for probable inverse condemnation losses.
- Complete a surplus land policy that establishes criteria to identify surplus properties.
- Management should reassess staffing needs regarding the review appraisal function.

# Align Land Acquisition Program Staffing Needs with the Anticipated Work Plan



**Management agrees with the recommendations and has implemented a surplus land process and established a reserve that can be used for inverse condemnations**

# Improvements to the Appraisal Process Control Framework Would Enhance Accountability



Enhancements to accountability and transparency over the land acquisition and appraisal processes,

- Establish a Land Oversight Committee to monitor land acquisition strategies, solicit and select appraisers for appraisal assignments.
- Separate the District's appraisal function from the Land Acquisition Department.
- Consistently compete appraisal services

# Improvements to the Appraisal Process Control Framework Would Enhance Accountability



- The District's approved appraiser listing should be re-solicited

**Management agreed with the recommended improvements**



# Questions