



Michigan
Office of the Auditor General
REPORT SUMMARY

Performance Audit

Report Number:
75-155-02

Real Estate Acquisition and Disposition

Department of Natural Resources

Released:
April 2003

The Department of Natural Resources (DNR) is authorized by Section 324.503 of the Michigan Compiled Laws to accept gifts and grants of land and other property and may buy, sell, exchange, or condemn land and other property. DNR manages 4.5 million acres (12% of the total State land area) consisting of State forests, wildlife areas, parks and recreation areas, boating and fishing access sites, and land used for other purposes that benefit the public.

Audit Objective:

The objective of our performance audit was to assess the effectiveness of the DNR's administration of real estate sales, purchases, exchanges, easements, and leases.

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Audit Conclusion:

We concluded that DNR's administration of real estate sales, purchases, exchanges, easements, and leases was generally effective. However, our assessment disclosed reportable conditions related to contract management, lease records, trespass fees, and appraisals for large parcels of land.

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Reportable Conditions:

DNR should improve contract management by ensuring compliance with established procedures (Finding 1).

We found that DNR did not retain contracts for real estate appraisals, did not document its approval of contracts, did not enforce contract terms governing late submission of appraisals, and did not obtain required Department of Civil Service approval of appraisal contracts.

DNR did not maintain a comprehensive record of leases to which DNR is a party (Finding 2).

DNR management informed us that information on the number of leases and details regarding the leases is available only at each local field office.

DNR should improve its process for assessing and collecting trespass fees (Finding 3).

DNR accurately charged a trespass fee in only 1 of the 6 land transactions involving trespass in our review.

OPM should formalize and comply with its appraisal process for large parcels of land (Finding 4).

DNR did not contract for a second appraisal for any of the 3 land acquisition cases greater than \$500,000 in our review.

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Agency Response:

DNR's preliminary response indicated that it agreed with all of our recommendations.

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A copy of the full report can be obtained by calling 517.334.8050 or by visiting our Web site at: www.state.mi.us/audgen/



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