MICHIGAN

OFFICE OF THE AUDITOR GENERAL

AUDIT REPORT

PERFORMANCE AUDIT
OF THE

LAND AND WATER MANAGEMENT DIVISION

DEPARTMENT OF ENVIRONMENTAL QUALITY

May 2007

THOMAS H. MCTAVISH, C.P.A.
AUDITOR GENERAL

761-0153-06

The auditor general shall conduct post audits of financial transactions and accounts of the state and of all branches, departments, offices, boards, commissions, agencies, authorities and institutions of the state established by this constitution or by law, and performance post audits thereof.

– Article IV, Section 53 of the Michigan Constitution

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REPORT SUMMARY

Performance Audit

Land and Water Management Division

Department of Environmental Quality

Report Number:
761-0153-06

Released:
May 2007

The mission of the Land and Water Management Division (LWMD) is to promote the best use of land and water interface resources for their social and economic benefits while protecting associated resource values, property rights, the environment, and public health and safety. LWMD administers a variety of programs that help protect sensitive natural resources, including inland lakes and streams, wetlands, floodplains, sand dunes, and the Great Lakes. LWMD provides technical assistance and oversight over regulated activities.

Audit Objective:
To assess the effectiveness of LWMD's permit processing function.

Audit Conclusion:
LWMD's permit processing function was effective. However, we noted two reportable conditions (Findings 1 and 2).

Reportable Conditions:
LWMD should improve its Coastal and Inland Waters Permit Information System (CIWPIS) database security controls to help ensure the integrity and validity of permit data (Finding 1).

LWMD did not ensure that staff entered complete and accurate data into CIWPIS (Finding 2).

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Audit Objective:
To assess the effectiveness of LWMD's efforts to resolve complaints regarding land and water resources.

Audit Conclusion:
LWMD's efforts to resolve complaints regarding land and water resources were moderately effective. We noted two reportable conditions (Findings 3 and 4).

Reportable Conditions:
LWMD did not always follow up complaints regarding the use of land and water resources in accordance with priorities established in LWMD procedures (Finding 3).

LWMD did not ensure that district staff entered complete and accurate performance data into the Compliance Tracking Database. In addition, LWMD did not ensure that district staff maintained detailed supporting records for data recorded in the Compliance Tracking Database. (Finding 4)

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Audit Objective:
To assess the effectiveness of LWMD's efforts in monitoring wetlands.

Audit Conclusion:
LWMD's efforts in monitoring wetlands were effective. However, we noted one reportable condition (Finding 5).

Reportable Condition:
LWMD did not ensure compliance with regulations regarding wetland mitigation and protection of Michigan's wetlands (Finding 5).

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Audit Objective:
To assess the effectiveness of LWMD's efforts in monitoring required dam safety inspections and emergency action plans.

Audit Conclusion:
LWMD's efforts in monitoring required dam safety inspections and emergency action plans were effective. Our report does not include any reportable conditions related to this audit objective.

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Audit Objective:
To assess the effectiveness of LWMD's efforts in monitoring Great Lakes marina lease requirements.

Audit Conclusion:
LWMD's efforts in monitoring Great Lakes marina lease requirements were effective. Our report does not include any reportable conditions related to this audit objective.

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Audit Objective:
To assess the effectiveness of LWMD's controls over cash receipts.

Audit Conclusion:
LWMD's controls over cash receipts were moderately effective. However, we noted one reportable condition (Finding 6).

Reportable Condition:
LWMD had not established internal control over the cash receipting process for permit application fees (Finding 6).

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Agency Response:
Our audit report contains 6 findings and 7 corresponding recommendations. LWMD's preliminary response indicates that it agrees with 6 recommendations and partially agrees with 1 recommendation.

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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: http://audgen.michigan.gov

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THOMAS H. MCTAVISH, C.P.A.
AUDITOR GENERAL

May 15, 2007

Mr. Steven E. Chester, Director
Department of Environmental Quality
Constitution Hall
Lansing, Michigan

Dear Mr. Chester:

This is our report on the performance audit of the Land and Water Management Division, Department of Environmental Quality.

This report contains our report summary; description of agency; audit objectives, scope, and methodology and agency responses and prior audit follow-up; comments, findings, recommendations, and agency preliminary responses; two exhibits, presented as supplemental information; and a glossary of acronyms and terms.

Our comments, findings, and recommendations are organized by audit objective. The agency preliminary responses were taken from the agency's responses subsequent to our audit fieldwork. The *Michigan Compiled Laws* and administrative procedures require that the audited agency develop a formal response within 60 days after release of the audit report.

We appreciate the courtesy and cooperation extended to us during this audit.

Sincerely,

Thomas H. McTavish, C.P.A.
Auditor General

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DEPARTMENT OF ENVIRONMENTAL QUALITY

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Description of Agency

The mission* of the Land and Water Management Division (LWMD) is to promote the best use of land and water interface resources for their social and economic benefits while protecting associated resource values, property rights, the environment, and public health and safety.

LWMD administers a variety of programs that help protect sensitive natural resources, including inland lakes and streams, wetlands*, floodplains, sand dunes, and the Great Lakes. LWMD provides technical assistance and oversight over regulated activities, such as dredging or filling wetlands, streams, inland lakes, and the Great Lakes; constructing or dismantling dams; constructing marinas, seawalls, or docks; building in a designated critical sand dune, wetland, or floodplain; and protecting underwater shipwreck resources.

LWMD administers the following programs:

a. Dam Safety Program
   Staff engineers conduct technical reviews and regulate the construction or dismantling of dams through a permit process. Program staff review emergency action plans and dam safety inspection reports submitted by dam owners and maintain a Statewide inventory of dams. Staff engineers inspect and prepare dam safety inspection reports for the Department of Natural Resources and municipally owned dams to evaluate the integrity and safety of the structures.

b. Flood Hazard Management Program
   Program staff review proposals to occupy, fill, or grade lands within the State's floodplains. Program staff regulate these activities through a permit process with the purpose of ensuring that the channels and floodways are kept clear and uninhabited and that structures placed outside the floodway are properly protected from flood damage.

c. Great Lakes Submerged Lands Program
   Program staff regulate certain activities on the Great Lakes bottomlands, such as marina construction, dredging, filling, and placement of shoreline protection

** See glossary at end of report for definition.*

structures. The program provides for the sale, lease, or exchange of State-owned bottomlands and the designation of underwater preserves to protect cultural resources, such as shipwrecks. Program staff review proposals for underwater salvage operations in coordination with the Department of History, Arts and Libraries.

d. Hydrologic Data Collection and Analysis Program

The Hydrologic Studies Unit collects, evaluates, and analyzes hydrologic data to provide technical support to Department of Environmental Quality programs. This technical assistance includes flood discharge estimates, hydrologic and hydraulic modeling, drought flow estimates, stream gauging, storm water management, and evaluation of drain projects.

e. Inland Lakes and Streams Protection Program

This program protects the natural resources at the land/water interface, riparian rights, and the public trust in the inland waters of the State. Program staff provide for the protection of natural resources through a permit process. Regulated activities include structure placement or removal, dredging, filling below the ordinary high-water mark, and marina operation or construction.

f. National Flood Insurance Program (NFIP)

The NFIP coordinator works with local units of government to assist them in meeting the NFIP requirements through a program of education, technical assistance, and oversight. In addition, program staff provide assistance to lenders, realtors, and insurance agents, as well as private citizens who have questions about flood insurance or floodplains management.

g. Sand Dunes Protection Program

This program protects Michigan's most unique and fragile sand dunes by minimizing the impacts of development within designated critical dune areas along the Great Lakes shoreline. Earth moving, vegetation removal, and construction activities within a critical dune area are regulated through a permit process.

h. Shorelands Protection and Management Program

This program provides for designation and proper management of environmental areas (such as coastal wetlands and adjacent uplands that provide habitat for fish and wildlife), high-risk erosion areas, and flood-risk areas along the Great Lakes

shoreline. Permits are required for construction activities within these designated areas.

i. Transportation Review

Program staff review permit applications for new or replacement bridge projects being proposed by public transportation agencies, which include the Michigan Department of Transportation, county road commissions, and municipalities. The objective of this review is to provide safe and convenient highways, while avoiding or minimizing the potential impacts to the State's natural resources.

j. Wetlands Protection Program

Program staff develop educational and training materials and work on program aspects with Statewide significance, such as the Statewide wetlands inventory. Program staff administer wetlands protection regulations through a permit process.

LWMD consists of three sections: the Great Lakes Shorelands Section; the Water Management Section; and the Land/Water Field Operations Section, which provides oversight for 8 district offices and 2 field offices. LWMD's field operations staff review permit applications, perform site inspections, and determine if permits should be issued, modified, or denied. Also, they perform complaint follow-up and initiate enforcement actions for violations of the statutes administered by LWMD.

LWMD annually processes approximately 6,300 permit applications and receives approximately 3,100 complaints regarding land and water resources. As of September 30, 2006, LWMD had 117 employees. LWMD expenditures for fiscal year 2005-06 were approximately $6.6 million.

Audit Objectives

Our performance audit* of the Land and Water Management Division (LWMD), Department of Environmental Quality (DEQ), had the following objectives:

1. To assess the effectiveness* of LWMD's permit processing function.

2. To assess the effectiveness of LWMD's efforts to resolve complaints regarding land and water resources.

3. To assess the effectiveness of LWMD's efforts in monitoring wetlands.

4. To assess the effectiveness of LWMD's efforts in monitoring required dam safety inspections and emergency action plans.

5. To assess the effectiveness of LWMD's efforts in monitoring Great Lakes marina lease requirements.

6. To assess the effectiveness of LWMD's controls over cash receipts.

Audit Scope

Our audit scope was to examine the program and other records of the Land and Water Management Division. Our audit was conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included such tests of the records and such other auditing procedures as we considered necessary in the circumstances. Our audit procedures, conducted from May through October 2006, generally covered the period October 1, 2003 through September 30, 2006.

Audit Methodology

We conducted a preliminary review of LWMD's operations to formulate a basis for defining the audit objectives and scope of the audit. Our review included interviewing LWMD personnel; reviewing applicable laws, regulations, policies, procedures, and

** See glossary at end of report for definition.*

other reference materials; reviewing selected reports and records; and obtaining a comprehensive understanding of LWMD's operations.

We visited 3 of LWMD's 8 district offices: Grand Rapids, Saginaw Bay, and Southeast Michigan. We reviewed selected files and records maintained by these district offices and discussed the files and records with appropriate district personnel. We interviewed district personnel to gain an understanding of the districts' practices. We also performed some limited file review at the Lansing district office.

To assess the effectiveness of LWMD's permit processing function, we analyzed permit activity from LWMD's Coastal and Inland Waters Permit Information System* (CIWPIS). We selected a sample of permits and conducted a review of the files and other records at the DEQ central office in Lansing and the district offices. We discussed the files and LWMD procedures and practices with central and district office personnel.

To assess the effectiveness of LWMD's efforts to resolve complaints regarding land and water resources, we analyzed complaint activity from LWMD's Compliance Tracking Database*. We selected a sample of complaints and conducted a review of the files and other records at the central and district offices. We discussed the files and LWMD procedures and practices with central and district office personnel.

To assess the effectiveness of LWMD's efforts in monitoring wetlands, we obtained an understanding of wetlands and wetland mitigation*. During our central and district office visits, we selected a sample of wetland permits to review the staff's monitoring of the wetland mitigation. We discussed the files and LWMD procedures and practices with central and district office personnel. We also reviewed the status of LWMD's Statewide wetlands inventory.

To assess the effectiveness of LWMD's efforts in monitoring required dam safety inspections and emergency action plans, we analyzed the dam inventory from LWMD's dam database. We selected a sample of dams to review the monitoring and follow-up efforts of LWMD staff. We discussed the files and LWMD procedures and practices with central office personnel.

To assess the effectiveness of LWMD's efforts in monitoring Great Lakes marina lease requirements, we obtained an understanding of the lease process. We selected a sample of Great Lakes marina files to review the efforts of LWMD staff in obtaining

** See glossary at end of report for definition.*

current lease payments and financial assurance. We discussed the files and LWMD procedures and practices with central office personnel.

To assess the effectiveness of LWMD's controls over cash receipts, we developed an understanding of and assessed the internal control* during our central and district office reviews. We reviewed permit files and discussed procedures with district office personnel.

We surveyed 400 permit applicants who had applied for at least one permit during calendar years 2004, 2005, and 2006. Our description of survey and summary of survey responses are presented as supplemental information in this report.

We use a risk and opportunity based approach when selecting activities or programs to be audited. Accordingly, our audit efforts are focused on activities or programs having the greatest probability for needing improvement as identified through a preliminary review. By design, our limited audit resources are used to identify where and how improvements can be made. Consequently, our performance audit reports are prepared on an exception basis.

Agency Responses and Prior Audit Follow-Up

Our audit report contains 6 findings and 7 corresponding recommendations. LWMD's preliminary response indicates that it agrees with 6 recommendations and partially agrees with 1 recommendation.

The agency preliminary response that follows each recommendation in our report was taken from the agency's written comments and oral discussion subsequent to our audit fieldwork. Section 18.1462 of the *Michigan Compiled Laws* and Department of Management and Budget Administrative Guide procedure 1280.02 require DEQ to develop a formal response to our audit findings and recommendations within 60 days after release of the audit report.

We released our prior performance audit of the Land and Water Management Division, Department of Environmental Quality (76-153-96), in October 1996. Within the scope of this audit, we followed up 5 of the 6 prior audit recommendations. DEQ complied with 4 of the 5 prior audit recommendations. The other recommendation was rewritten for inclusion in this report.

** See glossary at end of report for definition.*

COMMENTS, FINDINGS, RECOMMENDATIONS, AND AGENCY PRELIMINARY RESPONSES

PERMIT PROCESSING FUNCTION

COMMENT

Audit Objective: To assess the effectiveness of the Land and Water Management Division's (LWMD's) permit processing function.

Conclusion: We concluded that LWMD's permit processing function was effective. However, our assessment disclosed two reportable conditions* related to Coastal and Inland Waters Permit Information System (CIWPIS) database security controls and complete and accurate CIWPIS data (Findings 1 and 2).

FINDING

1. CIWPIS Database Security Controls

   LWMD should improve its CIWPIS database security controls to help ensure the integrity and validity of permit data.

   LWMD developed and implemented CIWPIS nearly 20 years ago to track permit applications submitted under the various statutes that it administers. Permit applications are received and entered into CIWPIS at the Department of Environmental Quality (DEQ) central office in Lansing, 8 district offices, and 2 field offices. All activities and correspondence related to the permit applications, including the issuance or denial of the associated permit, are tracked in CIWPIS. Other LWMD and DEQ staff have access to CIWPIS for review or other purposes.

   Our review disclosed:

   a. LWMD did not restrict users' access to CIWPIS based on their assigned job function or ensure that users' access was compatible with their assigned job functions. We noted that 9 (4%) of the 204 current users with read/write or read/write/delete access to CIWPIS were LWMD staff whose job functions included receipting, depositing, and/or reconciling permit application fees. Not restricting access to CIWPIS could result in unauthorized processing of permits and permit fees.

   b. LWMD did not always delete user access when a user departed LWMD. We identified 38 individuals with user access who were no longer employed by

* *See glossary at end of report for definition.*

LWMD or whose user access was no longer necessary. We noted that at least 15 of these individuals had departed State employment between September 27, 2003 and August 28, 2006. As a result of our review, LWMD requested that the user access for these 38 individuals be removed. Excessive access could result in improper CIWPIS entries being made without detection.

c. LWMD did not ensure that CIWPIS retained a complete audit trail of all user edits made to a permit application record, including the edit made and the user who performed the edit. At the time of our review, CIWPIS retained only the most recent edit made to a record by a user and some activities of the user, such as the creation of a permit or other document, that were automatically entered into the record's history. Without a complete audit trail, LWMD could not ensure the validity of all CIWPIS entries.

d. LWMD did not ensure that the electronic versions of permits and other documents were secured. We determined that any user with access to CIWPIS, including users with read-only access, could create, edit, and print a permit or other document. These documents would not go through normal system processing and be recorded on CIWPIS. Therefore, it is important to secure these electronic permits and other documents. Without secured documents, there is increased risk of invalid documents being created and distributed.

These CIWPIS security control issues were also applicable to LWMD's Compliance Tracking Database because it is a subsystem of CIWPIS (see Finding 4).

RECOMMENDATION

We recommend that LWMD improve its CIWPIS database security controls to help ensure the integrity and validity of permit data.

AGENCY PRELIMINARY RESPONSE

LWMD agrees and informed us that it is requesting the necessary funds to replace the database application. The Department of Information Technology has indicated to LWMD that the current database can no longer be upgraded because of its age and the antiquated platform upon which it was developed. Previous requests to obtain necessary funding to replace CIWPIS have been unsuccessful,

but LWMD is currently requesting the necessary funds to replace the database application.

LWMD informed us that only staff in the Permit Consolidation Unit have the ability to delete records in CIWPIS, allowing select staff to eliminate duplicate entries that sometimes occur so that the database does not double count projects. LWMD also informed us that DEQ has recently made changes to the process for managing CIWPIS user access by designating a single employee to authorize all changes and by establishing a procedure whereby user access privileges are revoked concurrent with employee departures from LWMD. In addition, LWMD informed us that it has already revoked all user access privileges for those departed employees identified in the audit finding.

FINDING

2. Complete and Accurate CIWPIS Data

LWMD did not ensure that staff entered complete and accurate data into CIWPIS.

Without complete and accurate data, LWMD cannot process permits according to statutory time frames or ensure that permit application fees have been received. Also, without complete and accurate data, LWMD cannot ensure that all permit applications are administratively complete* as required by Section 324.1305 of the *Michigan Compiled Laws.* In addition, Section 324.1311 of the *Michigan Compiled Laws* requires DEQ to annually report specific permit activity and information to the Legislature. Without completely recording permit data in CIWPIS, DEQ cannot ensure the completeness and accuracy of its reporting.

LWMD uses CIWPIS to track all activities and correspondence related to the permit applications submitted under the various statutes that LWMD administers.

We reviewed data stored on CIWPIS for 5,253 permit applications processed by the central office between May 2005 and June 2006 for which a permit was either issued or denied. We also reviewed procedures for inputting permits into CIWPIS and sampled 69 permit applications at four district offices. We noted:

a. LWMD did not ensure that the fee amount received was recorded on CIWPIS for 61 (1%) of the 5,253 permit applications.

** See glossary at end of report for definition.*

b. LWMD did not ensure that the permit type was recorded on CIWPIS for 142 (3%) of the 5,253 permit applications.

c. LWMD did not ensure that the date on which the permit application was sent to the district or field office for processing was recorded on CIWPIS for 156 (3%) of the 5,253 permit applications.

d. District offices did not ensure that the date the application was administratively complete was recorded on CIWPIS for 2 (3%) of the 69 sampled permits.

e. District offices did not ensure that the due date for final processing was recorded on CIWPIS for 2 (3%) of the 69 sampled permits.

f. District offices did not ensure that all data recorded in permit application files was accurately recorded on CIWPIS. From the 69 sampled permits, we noted 4 (6%) application received dates, 11 (16%) site inspection dates, 7 (10%) correction request dates, and 4 (6%) correction request received dates on CIWPIS that did not agree with the dates in the permit application files.

g. LWMD did not ensure that the permit application data recorded in CIWPIS was accurate. CIWPIS data indicated that 17 (25%) of the 69 sampled permit applications were not processed in accordance with the statutory time requirements. However, the permit application files indicated that 11 (65%) of the 17 applications were processed in a timely manner.

RECOMMENDATION

We recommend that LWMD ensure that staff enter complete and accurate data into CIWPIS.

AGENCY PRELIMINARY RESPONSE

LWMD partially agrees and informed us that a concentrated training session was developed and provided to the LWMD central and district office employees in winter 2006. LWMD informed us that a large part of this training focused on necessary procedures to ensure CIWPIS data completeness and accuracy. LWMD expects that this training effort will help to further improve data accuracy. However, while LWMD agrees that complete and accurate records are necessary, most of the concerns raised relative to this recommendation show a 97% to 98% success rate for data completeness.

In regard to item g. of this finding, LWMD believes that one of the contributing causes was staff using the wrong date in CIWPIS. This relates to permits requiring a countersignature by the applicant. LWMD informed us that it has provided staff with guidance to address this finding.

COMPLAINTS REGARDING LAND AND WATER RESOURCES

COMMENT

Audit Objective: To assess the effectiveness of LWMD's efforts to resolve complaints regarding land and water resources.

Conclusion: We concluded that LWMD's efforts to resolve complaints regarding land and water resources were moderately effective. Our assessment disclosed two reportable conditions related to complaint follow-up and utilization of the Compliance Tracking Database (Findings 3 and 4).

FINDING

3. Complaint Follow-Up

LWMD did not always follow up complaints regarding the use of land and water resources in accordance with priorities established in LWMD procedures.

Without timely and effective follow-up of complaints, LWMD cannot ensure that Michigan's sensitive natural resources are protected. Follow-up of complaints also helps to identify violations, bring violators into compliance with laws and regulations, and provide an incentive for property owners to apply for proper permits.

Complaints are received either in the central office or in district offices and are handled by district staff who are responsible for permits, complaints, and violations within an assigned geographic area. LWMD developed the Compliance and Enforcement Guidance Manual (CEGM) to assist staff in prioritizing complaints for the most effective and efficient follow-up.

We selected 81 complaints from LWMD's Compliance Tracking Database to review at four district offices. We noted:

a. District staff could not locate the complaint file for 7 (9%) of the 81 complaints. Chapter 1 of the CEGM requires staff to initiate a file after receiving a complaint and to enter it into the Database.

b. District staff had not established the priority for 12 (16%) of the 74 complaints for which staff located the complaint file. Chapter 3 of the CEGM requires staff to prioritize the severity of each complaint prior to inspection. Without assigning priority, high-risk complaints may not be followed up in a timely manner.

c. District staff did not indicate in the complaint file what information was needed for 24 (89%) of 27 complaints with a status of "pending, need information." This is the default status until staff investigate and take further action on complaints. Chapter 4 of the CEGM requires staff to update the complaint file and document all actions taken. However, LWMD informed us that, because of limited resources, district staff had not yet processed these complaints.

d. District staff did not make a determination of initial enforcement action for 30 (50%) of 60 complaints in which a determination of initial enforcement action was warranted. Of the 30 complaints, 12 were categorized as high priority, 12 were moderate priority, and 6 were not categorized. At the time of our review, 17 of these 30 complaints (including 9 high priority complaints) had not been resolved. Chapter 4 of the CEGM requires staff to determine what initial enforcement action is warranted based on several different factors, including the potential impact on public health and natural resources and the ability to make a timely on-site inspection.

e. District staff did not always perform inspections related to complaints based on their assigned priority or in a timely manner:

   (1) District staff did not perform inspections for 23 (37%) of 62 complaints that required inspections based on their assigned priority category. At the time of our review, 14 (61%) of the 23 complaints were still outstanding, 6 (26%) were closed without further review, and 3 (13%) were resolved and closed. Chapter 3 of the CEGM requires staff to inspect complaints assigned a priority category of moderate, high, or very high.

(2) District staff did not perform inspections in a timely manner for 11 (28%) of 39 complaints when inspections were performed. Staff conducted inspections between 53 and 197 days after receiving the complaint for the 8 high priority complaints. Staff conducted inspections between 219 and 445 days after receiving the complaint for the 3 moderate priority complaints. The CEGM requires inspections to be completed immediately after receiving high priority complaints and within 20 to 40 days after receiving moderate priority complaints.

f. District staff did not resolve complaints in a timely manner for 43 (58%) of 74 complaints for which staff located the complaint file. Staff took from 199 to 617 days to resolve 18 of the 43 complaints. The remaining 25 complaints, still outstanding as of our review, had been outstanding for up to 920 days. The CEGM requires district staff to resolve very high priority complaints immediately, high priority complaints as soon as possible, and moderate priority complaints within 20 to 40 days.

g. District staff did not document their reasons for not recommending the assessment of potential penalties for violation of LWMD-administered statutes. As a result, we could not determine whether DEQ properly considered penalties for 45 (61%) of the 74 complaints. Chapter 8 of the CEGM states that penalties help ensure that violators do not obtain an unfair economic advantage over their competitors who are willing to comply with application and permit requirements.

RECOMMENDATION

We recommend that LWMD follow up complaints regarding the use of land and water resources in accordance with priorities established in LWMD procedures.

AGENCY PRELIMINARY RESPONSE

LWMD agrees and informed us that complaint follow-up needs to be more in line with the priorities established in procedures. LWMD also informed us that compliance and enforcement actions need to be undertaken at a level that will deter violations and assure those who are compliant that there is a "level playing field" relative to LWMD program implementation.

In regard to item a. of this finding, LWMD informed us that files could not be located because of staff shortages in LWMD and higher-than-average employee

turnover rates in the district offices. LWMD also informed us that, because of the significant emphasis on permit processing both to avoid Part 13 mandated refunds and to allow development to support the economy, compliance and enforcement efforts have suffered.

Additionally, LWMD informed us that it has requested increases to the fees charged in most of its programs. LWMD also informed us that a portion of the additional revenue will help to restore staff levels to better manage LWMD's work load. For example, LWMD's work load evaluation indicates that current staff levels of district permit staff, on average, allow LWMD to manage approximately 160 files per employee. Comparatively, in 2006, the work load levels in the district offices ranged from 176 to 263 files per employee. LWMD informed us that achieving a more balanced work load would allow LWMD to manage all aspects of permit, compliance, and enforcement activities.

FINDING

4. Utilization of the Compliance Tracking Database

LWMD did not ensure that district staff entered complete and accurate performance data into the Compliance Tracking Database. In addition, LWMD did not ensure that district staff maintained detailed supporting records for data recorded in the Compliance Tracking Database.

Without complete and accurate data, LWMD cannot ensure the reliability of the information obtained from the Compliance Tracking Database. Further, without accurate and reliable data, LWMD cannot effectively monitor and report on the overall effectiveness of the programs.

LWMD developed and implemented the Compliance Tracking Database in June 1999 to provide a central database of complaint activity for program monitoring and reporting. Our review of the data recorded in the Compliance Tracking Database by four district offices noted:

a. District staff did not ensure that all complaint activity was properly recorded in the Database for 18 (24%) of 74 files reviewed. For example, district staff did not update the complaint status on the Database when they took further action on the complaint for 16 (22%) of 74 of the files reviewed. Without updating and recording all complaint activity in the Database, LWMD management is not able to monitor staff follow-up of the complaints. Chapter 1 of the CEGM

requires district staff to maintain and update the Database on a regular basis to show the current status of enforcement action and the compliance efforts of the property owner.

b. District staff did not ensure that the complaint activity (such as a site inspection) recorded in the Database was documented and supported by detailed records for 26 (35%) of 74 files reviewed. Chapter 5 of the CEGM requires district staff to complete a complaint investigation report to document a site inspection. Without supporting documentation, LWMD cannot ensure the reliability of the Database.

Some district staff informed us that they had not received training on the CEGM since 2001 and that newer staff had not received any training. Staff and management also informed us that recent reorganizations in LWMD and large staff work loads could have contributed to these instances.

RECOMMENDATIONS

We recommend that LWMD ensure that district staff enter complete and accurate performance data into the Compliance Tracking Database.

We also recommend that LWMD ensure that district staff maintain detailed supporting records for data recorded in the Compliance Tracking Database.

AGENCY PRELIMINARY RESPONSE

LWMD agrees and informed us that, as with staffing shortages and computer upgrades, training has also been severely limited because of budget constraints in recent years. A divisionwide targeted training planned for March 2007 was canceled because of lack of funding. LWMD informed us that requests for additional funding will allow for ongoing staff training. This will help LWMD to ensure complete, accurate, and timely data in the Compliance Tracking Database. LWMD also informed us that, despite the staffing and funding shortages, it was able to provide staff a training session during winter 2006 to address many of the permit review and data tracking issues identified in the audit report.

WETLANDS

COMMENT

Audit Objective: To assess the effectiveness of LWMD's efforts in monitoring wetlands.

Conclusion: We concluded that LWMD's efforts in monitoring wetlands were effective. However, our assessment disclosed one reportable condition related to wetland mitigation (Finding 5).

FINDING

5. Wetland Mitigation

LWMD did not ensure compliance with regulations regarding wetland mitigation and protection of Michigan's wetlands.

The purpose of wetland mitigation is to replace unavoidably lost wetland resources with created or restored wetlands, with the goal of replacing as fully as possible the functions and public benefits of the lost wetland. Wetland mitigation is sometimes required as a condition of a permit issued by LWMD.

We reviewed a sample of 35 permits, applied for in calendar year 2002 or 2003, for projects that required wetland mitigation. We noted:

a. LWMD did not obtain a conservation easement* from applicants for 2 (7%) of 29 permits in which a conservation easement was required. Without a conservation easement, LWMD cannot ensure that mitigated wetlands are permanently protected.

   Michigan Administrative Code R 281.925(11) requires that an applicant protect the mitigation area by a permanent conservation easement or similar instrument that provides for the permanent protection of the natural resource functions and values of the mitigation site.

b. LWMD did not obtain all required monitoring reports from applicants for 5 (16%) of 31 permits in which monitoring was required. Without the proper

** See glossary at end of report for definition.*

monitoring reports, LWMD cannot ensure that mitigated wetlands meet the established performance standards.

Michigan Administrative Code R 281.925(6)(f) requires that a monitoring plan be established for all wetland mitigation projects. Permittees are required to submit monitoring reports to LWMD in accordance with the monitoring plans (in general, annually for a minimum of five years following the year the mitigation construction is completed).

c. LWMD did not consistently document the status of the permitted activity, including the mitigation construction. Without proper documentation of the status of the mitigation construction, LWMD cannot ensure that mitigated wetlands are completed in a timely manner.

LWMD did not document in its permit files whether the permitted activity or mitigation construction had been completed for 7 (20%) of the 35 permits. For 2 (29%) of these 7 permits, LWMD district staff could not tell us whether the mitigation construction had been completed.

In addition to the exceptions noted in this finding, we identified 5 completed projects in which wetland mitigation had not been completed or had not been completed properly; however, LWMD successfully pursued civil action on 2 of these cases.

RECOMMENDATION

We recommend that LWMD ensure compliance with regulations regarding wetland mitigation and protection of Michigan's wetlands.

AGENCY PRELIMINARY RESPONSE

LWMD agrees and informed us that it has created a link to the mitigation database through the CIWPIS database. LWMD informed us that, once a permit is issued with a "conservation easement required" category, the easement database is populated with a new entry for that permitted site. LWMD also informed us that a further control on this system is the need for financial assurance for most mitigation sites.

LWMD agrees that staff do not have the capability to adequately monitor the implementation of wetland mitigation construction. LWMD informed us that it is

seeking fee increases to allow LWMD to restore appropriate resource levels in the district offices for the compliance efforts needed in this area. However, LWMD also informed us that, because of the need for financial assurance for these projects, district staff monitor the sites before any of the money is returned to the applicant. Half of the financial assurance money is returned when the project is constructed and the other half is returned when the site has met the performance criteria. In addition, LWMD informed us that it has updated the permit standard paragraphs to require submittal of conservation easements within a specified time following issuance of the permit to make compliance with this requirement easier to track.

DAM SAFETY INSPECTIONS AND EMERGENCY ACTION PLANS

COMMENT

Audit Objective: To assess the effectiveness of LWMD's efforts in monitoring required dam safety inspections and emergency action plans.

Conclusion: We concluded that LWMD's efforts in monitoring required dam safety inspections and emergency action plans were effective. Our report does not include any reportable conditions related to this audit objective.

GREAT LAKES MARINA LEASE REQUIREMENTS

COMMENT

Audit Objective: To assess the effectiveness of LWMD's efforts in monitoring Great Lakes marina lease requirements.

Conclusion: We concluded that LWMD's efforts in monitoring Great Lakes marina lease requirements were effective. Our report does not include any reportable conditions related to this audit objective.

CASH RECEIPTS

COMMENT

Audit Objective: To assess the effectiveness of LWMD's controls over cash receipts.

Conclusion: We concluded that LWMD's controls over cash receipts were moderately effective. Our assessment disclosed one reportable condition related to the cash receipting process for permit application fees (Finding 6).

FINDING

6. Cash Receipting Process for Permit Application Fees

LWMD had not established internal control over the cash receipting process for permit application fees.

Proper internal control is necessary to reduce the risk that cash receipts are lost or misused.

We reviewed the controls over the recording of permit application fees on CIWPIS. We also reviewed the handling of cash receipts for permit application fees at the Permit Consolidation Unit in the central office and at 3 district offices. The central office and the 3 district offices processed approximately $5.2 million in permit application fees from October 1, 2004 through September 30, 2006. Our review disclosed:

a. LWMD did not reconcile the permit application fees recorded in CIWPIS to the fees recorded in the Michigan Administrative Information Network* (MAIN). Without a reconciliation, LWMD cannot ensure the completeness and accuracy of fees received. For fiscal years 2004-05 and 2003-04, permit application fees recorded in MAIN totaled approximately $2.16 million and $1.99 million, respectively. However, permit application fees recorded in CIWPIS totaled approximately $2.02 million and $1.48 million, respectively. A reconciliation of MAIN with CIWPIS would help to explain the reasons for the differences.

b. LWMD did not maintain a proper separation of duties between the functions of handling cash receipts, recording permit applications in CIWPIS, and

** See glossary at end of report for definition.*

depositing checks at the central office and 1 district office. Separating these duties is important to reduce the risk of misuse of State funds.

c. LWMD did not always ensure that cash receipts were opened in the presence of two employees at the central office and 2 district offices. The central office and 1 district office maintained a cash receipts log; however, it was not always signed by two employees. In the other district office, one employee performed all mail opening procedures.

d. LWMD did not restrictively endorse checks immediately upon receipt at 2 district offices. At 1 district office, we observed unendorsed checks in a desk drawer. At the other district office, we were informed that checks remain unendorsed from 24 to 48 hours after receipt.

e. LWMD did not deposit checks in a timely manner at the central office and the 3 district offices. For a sample of 23 cash receipts, LWMD held the checks for 14 of the cash receipts between 4 and 21 calendar days before deposit.

f. LWMD had not developed consistent procedures for securing cash receipts when staff could not make immediate deposits at the 3 district offices.

The State of Michigan Financial Management Guide (Chapter 9, Section 100) states that cash received by agencies must be opened in the presence of two mail openers, checks must be restrictively endorsed immediately upon receipt, cash receipts must be deposited with the State Treasurer or in a State Treasurer's bank account as often as daily, and cash receipts must be stored in a secure location until they are deposited.

DEQ had identified cash receipting weaknesses in an audit conducted by the Office of Internal Audit in 2005 and in its fiscal year 2003-04 biennial internal control assessment. DEQ took immediate corrective action on the weaknesses with the highest risk and continues to work on the remaining weaknesses.

RECOMMENDATION

We recommend that LWMD establish internal control over the cash receipting process for permit application fees.

AGENCY PRELIMINARY RESPONSE

LWMD agrees and acknowledged that, at the time of the audit, internal control over the cash receipting process for permit application fees was lacking. This issue had been identified by LWMD administration staff. LWMD informed us that separation of duties between functions has been implemented for the central office. LWMD also informed us that two employees are consistently involved in the mail opening process, where a log of checks received is maintained and appropriately signed. In addition, LWMD informed us that checks are deposited in a timely manner.

Addressing issues with cash handling in the district offices has been identified as a DEQ priority as it affects multiple programs. LWMD informed us that it is actively involved in an ongoing departmentwide process to address these district issues. This includes improving the separation of duties, providing adequate oversight and timely handling of all checks, and securing receipts when necessary. LWMD also informed us that it encourages applicants to pay by credit card or electronic check to limit the concern with cash handling.

Further, DEQ informed us that it recognizes the importance of revenue reconciliations and has identified development of these processes as a departmentwide priority by including it as a distinct component of the DEQ Revenue Internal Control Improvement Plan. LWMD informed us that it will work with staff in the DEQ Financial and Business Services Division to develop a reconciliation plan.

SUPPLEMENTAL INFORMATION

Description of Survey

We developed a survey requesting feedback from permit applicants who had applied for a minimum of one permit during calendar years 2004, 2005, and 2006.

We mailed the survey to 400 randomly selected permit applicants in two groups:

- Exhibit 1 - Random
  We mailed the survey to 320 randomly selected permit applicants. Seven were returned as undeliverable. We received 134 responses from the 313 delivered surveys, a response rate of 42.8%. The responses indicated that, in general, permit applicants had positive comments regarding the permit application process. Respondents had positive responses regarding Land and Water Management Division (LWMD) staff's knowledge of the relevant laws and regulations, their professional interactions, and their courteous behavior (questions 10, 12, and 21, respectively). Respondents had slightly less positive responses regarding the permit application instructions, the ease of completing the permit application, and the timeliness of LWMD in processing the permit application (questions 8, 9, and 13, respectively). Respondents also had less positive responses if LWMD had denied their permit application (questions 18 through 20). We used the comments from the survey to assist us in guiding and directing our testing of the permit process.

- Exhibit 2 - Denials
  To ensure a sufficient response from applicants whose permit applications were denied (approximately 2% of the total population subject to sampling), we mailed the survey to 80 randomly selected denied permit applicants. Three were returned as undeliverable. We received 27 responses from the 77 delivered surveys, a response rate of 35.1%. A review of the responses indicated that, in general, permit applicants' responses for this group were significantly less positive than the random group (see Exhibit 1) regarding the permit application process. We used the comments from the denials survey to assist us in guiding and directing our testing of the permit process.

Following are summaries of the survey results that include the number and percentage of responses received for each item. The total number of responses for each item may

not agree with the number of responses reported because some respondents provided more than one response to an item and other respondents did not answer all items. We provided summaries of the survey responses, including the narrative responses, to LWMD management.

Exhibit 1

LAND AND WATER MANAGEMENT DIVISION (LWMD)
Department of Environmental Quality (DEQ)
Summary of Survey Responses - Random Sample of Permit Decisions

Copies of survey delivered	313
Number of responses	134
Response rate	42.8%

BACKGROUND INFORMATION:

1. For what type of project did you apply for a permit? PLEASE CHECK ALL THAT APPLY.

a.	44	(21.1%)	Dredging, filling, draining, or construction work in inland lakes or streams
b.	45	(21.5%)	Dredging, filling, draining, or construction work in wetlands areas
c.	8	(3.8%)	Dredging, filling, draining, or construction work in Great Lakes bottomlands
d.	5	(2.4%)	Construction in a critical dune area
e.	2	(1.0%)	Construction in a high risk erosion area
f.	37	(17.7%)	New or replacement bridge or culvert
g.	7	(3.3%)	Dam construction or reconstruction
h.	14	(6.7%)	Work in riverine floodplain
i.	47	(22.5%)	Other

2. Describe the impact of the project for which you applied for a permit on sensitive natural resources (wetlands, bottomlands, sand dunes, high risk erosion areas, shorelines, or floodplains). PLEASE CHECK ALL THAT APPLY.

a.	71	(29.5%)	Less than 1/4 acre impacted
b.	30	(12.4%)	1/4 acre to 5 acres impacted
c.	6	(2.5%)	More than 5 acres impacted
d.	47	(19.5%)	Less than 300 feet of shoreline impacted
e.	7	(2.9%)	300 to 500 feet of shoreline impacted
f.	4	(1.7%)	More than 500 feet of shoreline impacted
g.	43	(17.8%)	Less than 300 cubic yards of fill
h.	16	(6.6%)	300 to 10,000 cubic yards of fill
i.	1	(0.4%)	More than 10,000 cubic yards of fill
j.	16	(6.6%)	Other

3. How did you become aware of the need for a permit for your project? PLEASE CHECK ALL THAT APPLY.

a.	9	(4.3%)	DEQ website (www.michigan.gov/deq)
b.	1	(0.5%)	MiTAPS (www.michigan.gov/mitaps)
c.	18	(8.5%)	LWMD district staff
d.	5	(2.4%)	LWMD staff in the Lansing central office
e.	4	(1.9%)	Notice of violation
f.	61	(28.9%)	Prior experience
g.	54	(25.6%)	Consultant/contractor
h.	6	(2.8%)	DEQ publication
i.	4	(1.9%)	DEQ outreach programs
j.	22	(10.4%)	Local governmental unit
k.	0	(0.0%)	County Extension Service
l.	25	(11.8%)	Other
m.	2	(0.9%)	Do not know/do not remember

PERMIT APPLICATION:

4. How did you obtain the permit application for your project?

a.	42	(27.6%)	DEQ website (www.michigan.gov/deq)
b.	4	(2.6%)	MiTAPS (www.michigan.gov/mitaps)
c.	40	(26.3%)	LWMD district staff
d.	10	(6.6%)	LWMD staff in the Lansing central office
e.	48	(31.6%)	Other
f.	8	(5.3%)	Do not know/do not remember

5. Who prepared the permit application for your project?

a.	67	(44.1%)	I prepared the permit application.
b.	13	(8.6%)	I prepared the permit application with assistance from a consultant.
c.	6	(3.9%)	I prepared the permit application with assistance from a contractor.
d.	26	(17.1%)	A consultant prepared the permit application.
e.	34	(22.4%)	A contractor prepared the permit application.
f.	6	(3.9%)	Other
g.	0	(0.0%)	Do not know/do not remember

6. What method did you use to submit your permit application to LWMD?

a.	4	(2.6%)	MiTAPS (www.michigan.gov/mitaps)
b.	59	(38.8%)	U.S. mail to LWMD district office
c.	41	(27.0%)	U.S. mail to LWMD Lansing central office
d.	19	(12.5%)	Hand carry to LWMD district office
e.	4	(2.6%)	Hand carry to LWMD Lansing central office
f.	25	(16.4%)	Do not know/do not remember

7. Which method would you most likely use in the future if you needed to submit a permit application to LWMD?

a.	15	(10.1%)	MiTAPS (www.michigan.gov/mitaps)
b.	57	(38.5%)	U.S. mail to LWMD district office
c.	28	(18.9%)	U.S. mail to LWMD Lansing central office
d.	17	(11.5%)	Hand carry to LWMD district office
e.	1	(0.7%)	Hand carry to LWMD Lansing central office
f.	30	(20.3%)	It is likely I will not need to submit a permit application to LWMD in the future.

		Strongly Agree	Agree	Neither Agree Nor Disagree	Disagree	Strongly Disagree
8.	The permit application instructions were easy to understand.	11 (8.5%)	68 (52.7%)	31 (24.0%)	12 (9.3%)	7 (5.4%)
9.	The permit application was easy to complete.	10 (7.8%)	60 (46.9%)	35 (27.3%)	18 (14.1%)	5 (3.9%)
10.	LWMD staff were knowledgeable of the relevant laws and regulations for my specific project.	34 (27.4%)	64 (51.6%)	20 (16.1%)	1 (0.8%)	5 (4.0%)
11.	LWMD staff assisted me in understanding the relevant laws and regulations for my specific project.	29 (23.4%)	54 (43.5%)	25 (20.2%)	9 (7.3%)	7 (5.6%)

		Strongly Agree	Agree	Neither Agree Nor Disagree	Disagree	Strongly Disagree
12.	LWMD staff were professional in their interactions with me.	40 (32.0%)	59 (47.2%)	20 (16.0%)	2 (1.6%)	4 (3.2%)
13.	LWMD staff processed my permit application in a timely manner.	28 (21.7%)	48 (37.2%)	23 (17.8%)	13 (10.1%)	17 (13.2%)
14.	I was given the opportunity by LWMD staff to provide important information regarding my specific project.	28 (22.6%)	66 (53.2%)	23 (18.5%)	3 (2.4%)	4 (3.2%)
15.	LWMD staff sufficiently explained the rationale for their final decision on my permit application.	23 (18.5%)	55 (44.4%)	31 (25.0%)	5 (4.0%)	10 (8.1%)

16. How did you become aware of the final decision made on your permit application?

a.	9	(5.7%)	Inquiry into the DEQ on-line permit tracking system (CIWPIS) (www.deq.state.mi.us/ciwpis)
b.	33	(20.8%)	Contact with LWMD district staff
c.	11	(6.9%)	Contact with LWMD staff in the Lansing central office
d.	94	(59.1%)	Notification mailed to my home/business by LWMD
e.	3	(1.9%)	I was not notified of the permit decision.
f.	9	(5.7%)	Other

17. What method would you PREFER be used to notify you of the final decision on your permit application?

a.	14	(8.6%)	Inquiry into the DEQ on-line permit tracking system (CIWPIS) (www.deq.state.mi.us/ciwpis)
b.	48	(29.6%)	Contact with LWMD district staff
c.	11	(6.8%)	Contact with LWMD staff in the Lansing central office
d.	81	(50.0%)	Notification mailed to my home/business by LWMD
e.	8	(4.9%)	Other

	Permit Denials (questions 18 through 20)	Strongly Agree	Agree	Neither Agree Nor Disagree	Disagree	Strongly Disagree
18.	LWMD staff provided a clear explanation of the reasons for denial of my permit application.	0 (0.0%)	6 (33.3%)	7 (38.9%)	1 (5.6%)	4 (22.2%)
19.	LWMD staff provided guidance on possible projects that may be allowable.	4 (18.2%)	11 (50.0%)	3 (13.6%)	2 (9.1%)	2 (9.1%)
20.	I was informed of my right to appeal and how to file an appeal.	1 (5.3%)	8 (42.1%)	6 (31.6%)	2 (10.5%)	2 (10.5%)

SUMMARY:

	Strongly Agree	Agree	Neither Agree Nor Disagree	Disagree	Strongly Disagree
21. Overall, I was treated courteously by:					
a. LWMD district staff	42 (36.2%)	53 (45.7%)	14 (12.1%)	5 (4.3%)	2 (1.7%)
b. LWMD staff in the Lansing central office	17 (20.5%)	41 (49.4%)	21 (25.3%)	2 (2.4%)	2 (2.4%)
c. Other DEQ staff involved with my project	29 (33.0%)	37 (42.0%)	19 (21.6%)	0 (0.0%)	3 (3.4%)
22. Natural resources were appropriately managed/protected as a result of the LWMD permit process.	36 (30.0%)	45 (37.5%)	25 (20.8%)	6 (5.0%)	8 (6.7%)

23. Please indicate which district (field) office you worked with during the permit process. PLEASE CHECK ALL THAT APPLY.

a.	12	(8.8%)	Cadillac District Office
b.	14	(10.3%)	Gaylord Field Office
c.	11	(8.1%)	Grand Rapids District Office
d.	5	(3.7%)	Jackson District Office
e.	16	(11.8%)	Kalamazoo District Office
f.	21	(15.4%)	Lansing District Office
g.	12	(8.8%)	Saginaw Bay District Office
h.	14	(10.3%)	Southeast Michigan District Office
i.	18	(13.2%)	Upper Peninsula District Office
j.	13	(9.6%)	Crystal Falls Field Office

Exhibit 2

LAND AND WATER MANAGEMENT DIVISION (LWMD)
Department of Environmental Quality (DEQ)
Summary of Survey Responses - Random Sample of Denied Permits

Copies of survey delivered	77
Number of responses	27
Response rate	35.1%

BACKGROUND INFORMATION:

1. For what type of project did you apply for a permit? PLEASE CHECK ALL THAT APPLY.

a.	4	(10.5%)	Dredging, filling, draining, or construction work in inland lakes or streams
b.	9	(23.7%)	Dredging, filling, draining, or construction work in wetlands areas
c.	3	(7.9%)	Dredging, filling, draining, or construction work in Great Lakes bottomlands
d.	1	(2.6%)	Construction in a critical dune area
e.	2	(5.3%)	Construction in a high risk erosion area
f.	5	(13.2%)	New or replacement bridge or culvert
g.	1	(2.6%)	Dam construction or reconstruction
h.	2	(5.3%)	Work in riverine floodplain
i.	11	(28.9%)	Other

2. Describe the impact of the project for which you applied for a permit on sensitive natural resources (wetlands, bottomlands, sand dunes, high risk erosion areas, shorelines, or floodplains). PLEASE CHECK ALL THAT APPLY.

a.	17	(34.7%)	Less than 1/4 acre impacted
b.	5	(10.2%)	1/4 acre to 5 acres impacted
c.	1	(2.0%)	More than 5 acres impacted
d.	11	(22.4%)	Less than 300 feet of shoreline impacted
e.	0	(0.0%)	300 to 500 feet of shoreline impacted
f.	2	(4.1%)	More than 500 feet of shoreline impacted
g.	9	(18.4%)	Less than 300 cubic yards of fill
h.	2	(4.1%)	300 to 10,000 cubic yards of fill
i.	0	(0.0%)	More than 10,000 cubic yards of fill
j.	2	(4.1%)	Other

3. How did you become aware of the need for a permit for your project? PLEASE CHECK ALL THAT APPLY.

a.	1	(2.9%)	DEQ website (www.michigan.gov/deq)
b.	0	(0.0%)	MiTAPS (www.michigan.gov/mitaps)
c.	2	(5.7%)	LWMD district staff
d.	0	(0.0%)	LWMD staff in the Lansing central office
e.	1	(2.9%)	Notice of violation
f.	9	(25.7%)	Prior experience
g.	11	(31.4%)	Consultant/contractor
h.	0	(0.0%)	DEQ publication
i.	0	(0.0%)	DEQ outreach programs
j.	2	(5.7%)	Local governmental unit
k.	0	(0.0%)	County Extension Service
l.	9	(25.7%)	Other
m.	0	(0.0%)	Do not know/do not remember

PERMIT APPLICATION:

4. How did you obtain the permit application for your project?

a.	13	(44.8%)	DEQ website (www.michigan.gov/deq)
b.	0	(0.0%)	MiTAPS (www.michigan.gov/mitaps)
c.	3	(10.3%)	LWMD district staff
d.	2	(6.9%)	LWMD staff in the Lansing central office
e.	11	(37.9%)	Other
f.	0	(0.0%)	Do not know/do not remember

5. Who prepared the permit application for your project?

a.	13	(44.8%)	I prepared the permit application.
b.	2	(6.9%)	I prepared the permit application with assistance from a consultant.
c.	1	(3.4%)	I prepared the permit application with assistance from a contractor.
d.	7	(24.1%)	A consultant prepared the permit application.
e.	5	(17.2%)	A contractor prepared the permit application.
f.	1	(3.4%)	Other
g.	0	(0.0%)	Do not know/do not remember

6. What method did you use to submit your permit application to LWMD?

a.	0	(0.0%)	MiTAPS (www.michigan.gov/mitaps)
b.	11	(39.3%)	U.S. mail to LWMD district office
c.	12	(42.9%)	U.S. mail to LWMD Lansing central office
d.	0	(0.0%)	Hand carry to LWMD district office
e.	0	(0.0%)	Hand carry to LWMD Lansing central office
f.	5	(17.9%)	Do not know/do not remember

7. Which method would you most likely use in the future if you needed to submit a permit application to LWMD?

a.	0	(0.0%)	MiTAPS (www.michigan.gov/mitaps)
b.	8	(28.6%)	U.S. mail to LWMD district office
c.	12	(42.9%)	U.S. mail to LWMD Lansing central office
d.	1	(3.6%)	Hand carry to LWMD district office
e.	0	(0.0%)	Hand carry to LWMD Lansing central office
f.	7	(25.0%)	It is likely I will not need to submit a permit application to LWMD in the future.

		Strongly Agree	Agree	Neither Agree Nor Disagree	Disagree	Strongly Disagree
8.	The permit application instructions were easy to understand.	1 (3.7%)	9 (33.3%)	8 (29.6%)	8 (29.6%)	1 (3.7%)
9.	The permit application was easy to complete.	1 (3.7%)	9 (33.3%)	8 (29.6%)	7 (25.9%)	2 (7.4%)
10.	LWMD staff were knowledgeable of the relevant laws and regulations for my specific project.	3 (11.1%)	11 (40.7%)	8 (29.6%)	1 (3.7%)	4 (14.8%)
11.	LWMD staff assisted me in understanding the relevant laws and regulations for my specific project.	3 (11.1%)	9 (33.3%)	6 (22.2%)	4 (14.8%)	5 (18.5%)

		Strongly Agree	Agree	Neither Agree Nor Disagree	Disagree	Strongly Disagree
12.	LWMD staff were professional in their interactions with me.	4 (14.8%)	7 (25.9%)	5 (18.5%)	4 (14.8%)	7 (25.9%)
13.	LWMD staff processed my permit application in a timely manner.	2 (7.4%)	9 (33.3%)	3 (11.1%)	6 (22.2%)	7 (25.9%)
14.	I was given the opportunity by LWMD staff to provide important information regarding my specific project.	3 (11.5%)	11 (42.3%)	5 (19.2%)	3 (11.5%)	4 (15.4%)
15.	LWMD staff sufficiently explained the rationale for their final decision on my permit application.	1 (3.7%)	10 (37.0%)	0 (0.0%)	8 (29.6%)	8 (29.6%)

16. How did you become aware of the final decision made on your permit application?

a.	4	(11.4%)	Inquiry into the DEQ on-line permit tracking system (CIWPIS) (www.deq.state.mi.us/ciwpis)
b.	5	(14.3%)	Contact with LWMD district staff
c.	1	(2.9%)	Contact with LWMD staff in the Lansing central office
d.	22	(62.9%)	Notification mailed to my home/business by LWMD
e.	2	(5.7%)	I was not notified of the permit decision.
f.	1	(2.9%)	Other

17. What method would you PREFER be used to notify you of the final decision on your permit application?

a.	1	(3.4%)	Inquiry into the DEQ on-line permit tracking system (CIWPIS) (www.deq.state.mi.us/ciwpis)
b.	9	(31.0%)	Contact with LWMD district staff
c.	3	(10.3%)	Contact with LWMD staff in the Lansing central office
d.	14	(48.3%)	Notification mailed to my home/business by LWMD
e.	2	(6.9%)	Other

	Permit Denials (questions 18 through 20)	Strongly Agree	Agree	Neither Agree Nor Disagree	Disagree	Strongly Disagree
18.	LWMD staff provided a clear explanation of the reasons for denial of my permit application.	1 (5.0%)	5 (25.0%)	2 (10.0%)	4 (20.0%)	8 (40.0%)
19.	LWMD staff provided guidance on possible projects that may be allowable.	2 (10.0%)	5 (25.0%)	0 (0.0%)	5 (25.0%)	8 (40.0%)
20.	I was informed of my right to appeal and how to file an appeal.	4 (19.0%)	11 (52.4%)	1 (4.8%)	1 (4.8%)	4 (19.0%)

SUMMARY:

	Strongly Agree	Agree	Neither Agree Nor Disagree	Disagree	Strongly Disagree
21. Overall, I was treated courteously by:					
a. LWMD district staff	6 (25.0%)	6 (25.0%)	6 (25.0%)	2 (8.3%)	4 (16.7%)
b. LWMD staff in the Lansing central office	2 (11.8%)	6 (35.3%)	8 (47.1%)	0 (0.0%)	1 (5.9%)
c. Other DEQ staff involved with my project	2 (11.8%)	5 (29.4%)	8 (47.1%)	1 (5.9%)	1 (5.9%)
22. Natural resources were appropriately managed/protected as a result of the LWMD permit process.	3 (12.0%)	6 (24.0%)	4 (16.0%)	2 (8.0%)	10 (40.0%)

23. Please indicate which district (field) office you worked with during the permit process. PLEASE CHECK ALL THAT APPLY.

a.	2	(6.5%)	Cadillac District Office
b.	5	(16.1%)	Gaylord Field Office
c.	5	(16.1%)	Grand Rapids District Office
d.	0	(0.0%)	Jackson District Office
e.	1	(3.2%)	Kalamazoo District Office
f.	10	(32.3%)	Lansing District Office
g.	2	(6.5%)	Saginaw Bay District Office
h.	1	(3.2%)	Southeast Michigan District Office
i.	2	(6.5%)	Upper Peninsula District Office
j.	3	(9.7%)	Crystal Falls Field Office

GLOSSARY

Glossary of Acronyms and Terms

administratively complete	The minimum required information for an application to be processed.
CEGM	Compliance and Enforcement Guidance Manual.
Coastal and Inland Waters Permit Information System (CIWPIS)	The database used to track permit applications submitted under the various statutes administered by LWMD. All activities and correspondence related to an application, including the issuance or denial of the associated permit, are tracked in CIWPIS.
Compliance Tracking Database	The database used to track complaints on activities that may or may not be regulated by LWMD. All activities and correspondence related to a complaint are tracked in the Compliance Tracking Database.
conservation easement	An agreement between a permittee and DEQ that is recorded with the county register of deeds with the purpose of ensuring the permanent protection of the natural resource functions and values of the mitigation site and/or the remaining wetlands on the property and restricting further development to the area.
DEQ	Department of Environmental Quality.
effectiveness	Program success in achieving mission and goals.
internal control	A process, effected by management, designed to provide reasonable assurance regarding the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.
LWMD	Land and Water Management Division.

Michigan Administrative Information Network (MAIN)	The State's fully integrated automated administrative management system that supports the accounting, payroll, purchasing, contracting, budgeting, personnel, and revenue management activities and requirements. MAIN consists of four major components: MAIN Enterprise Information System (EIS); MAIN Financial Administration and Control System (FACS); MAIN Human Resource System (HRS); and MAIN Management Information Database (MIDB).
mission	The agency's main purpose or the reason that the agency was established.
NFIP	National Flood Insurance Program.
performance audit	An economy and efficiency audit or a program audit that is designed to provide an independent assessment of the performance of a governmental entity, program, activity, or function to improve public accountability and to facilitate decision making by parties responsible for overseeing or initiating corrective action.
reportable condition	A matter that, in the auditor's judgment, represents either an opportunity for improvement or a significant deficiency in management's ability to operate a program in an effective and efficient manner.
wetland	Land that is characterized by the presence of water at a frequency and duration sufficient to support, and that under normal circumstances does support, wetland vegetation or aquatic life; commonly referred to as a bog, swamp, or marsh.
wetland mitigation	The replacement of unavoidably lost wetland resources with created or restored wetlands, with the goal of replacing as fully as possible the functions and public benefits of the lost wetland.

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STATE OF MICHIGAN

OFFICE of the AUDITOR GENERAL