

## EXECUTIVE DIGEST

### LAND AND WATER MANAGEMENT DIVISION

---

**INTRODUCTION** This report contains the results of our performance audit of the Land and Water Management Division, Department of Environmental Quality, for the period October 1, 1994 through December 31, 1995.

---

**AUDIT PURPOSE** This performance audit was conducted as part of the constitutional responsibility of the Office of the Auditor General. Performance audits are conducted on a priority basis related to the potential for improving effectiveness\* and efficiency\*.

---

**BACKGROUND** The Land and Water Management Division's stated mission\* is to protect Michigan's sensitive natural resources and the public trust at the land/water interface. To accomplish this mission, the Division administers many State and federal programs which regulate activities at the land/water interface to minimize environmental disruption and protect the public health and safety.

The Division annually processes over 8,000 permit applications. As of December 31, 1995, the Division had 137 employees. Division expenditures for fiscal year 1994-95 were \$13.2 million.

---

**AUDIT OBJECTIVES,  
CONCLUSIONS, AND  
NOTEWORTHY  
ACCOMPLISHMENTS**

**Audit Objective:** To assess the timeliness and efficiency of the Division's permit processing function.

**Conclusion:** We concluded that the Division's permit processing function was generally timely and efficient.

**Noteworthy Accomplishments:** The Division had reduced its backlog of permit applications not acted upon within statutory time frames from over 1,800 in December 1991 to 160 at the time of our audit.

**Audit Objective:** To assess the effectiveness of the Division's regulatory functions in protecting sensitive natural resources and the public health, safety, and welfare.

**Conclusion:** We concluded that the Division's regulatory functions were generally effective in protecting sensitive natural resources and the public health, safety, and welfare. However, we noted one material condition\* which could diminish the Division's effectiveness:

- The Division did not always follow up complaints in accordance with established priorities. Follow-up of complaints is an important part of a regulatory program. It identifies violations, works to bring violators into compliance with laws and regulations, and provides an

incentive for property owners to apply for proper permits. (Finding 1)

The Department agreed and informed us that it recognizes the need to develop a better system to effectively track complaints and reports of violations.

In addition, we noted reportable conditions\* relating to wetlands\* inventory, permit application tracking, permit review documentation, issuance and follow-up of aquatic nuisance\* control permits, and marina lease sureties (Findings 2 through 6).

**Noteworthy Accomplishments:** Michigan was the first state to assume responsibility for the implementation of Section 404 of the federal Clean Water Act. Section 404 regulates the placement of fill in the waters of the United States, including wetlands. Michigan is currently 1 of only 2 states which have responsibility for this program.

---

**AUDIT SCOPE  
AND  
METHODOLOGY**

Our audit scope was to examine the program and other records of the Land and Water Management Division for the period October 1, 1994 through December 31, 1995. 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.

To accomplish our objectives, we studied legislation, administrative rules, management plans, Division policies

and procedures, and other Division reports and manuals. We interviewed program staff at both the central office and the district offices.

We obtained data from the Division's permit application tracking system. We used this data to analyze the timeliness of permit issuance.

We tested sample files to determine if permits were processed in accordance with statutory requirements.

We visited three district offices and tested documentation and reviewed the district offices' follow-up of complaints and violations. We accompanied district staff on site visits.

We surveyed 318 applicants who applied for permits during calendar years 1994 and 1995. Summaries of the survey results are included as supplemental information.

---

**AGENCY  
RESPONSES  
AND PRIOR AUDIT  
FOLLOW-UP**

Our audit report contains 6 findings and recommendations. The Department agreed with our recommendations and informed us that it intends to comply.

The Department had complied with 2 of the 5 prior audit recommendations included within the scope of our current audit. Three of the prior audit recommendations were rewritten because of changes in the individual situations.