

**Management's Response to the Auditor General's Review of
Administration of Municipal Land Transfer Tax, Revenue Services Division**

<u>Rec No</u>	<u>Recommendation</u>	Agree (X)	Disagree (X)	<u>Management Comments:</u> <i>(Comments are required only for recommendations where there is disagreement.)</i>	<u>Action Plan/ Time Frame</u>
1.	<p>The Deputy City Manager and Chief Financial Officer:</p> <p>a. review with the Province the potential of coordinating audit resources in order to conduct a joint audit of Teranet Enterprises Inc.'s systems</p> <p>b. in consultation with the Province, give consideration to requesting Teranet Enterprises Inc. to provide to the City and the Province an independent auditor's report on controls at a service organization (Canadian Institute of Chartered Accountant Handbook Section 5970 report).</p>	X	X		<p>Corporate Finance and Revenue Services will consult with the Province (Ministry of Government Services) to review the potential of conducting a joint audit of Teranet's systems and to consider requesting Teranet to provide an independent audit report (CICA Section 5970 report):</p> <p>a) Last quarter of 2010</p> <p>b) Last quarter of 2010</p>

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2.	The Deputy City Manager and Chief Financial Officer formalize policies and procedures designed to mitigate the risk of errors in the services rendered by Teranet Enterprises Inc.	X			Revenue Services will formalize internal operational policy and procedure documents to mitigate the risk of errors in the services rendered by Teranet: First quarter of 2011.
3.	The Deputy City Manager and Chief Financial Officer request from Teranet Enterprises Inc. its Compliance Monitoring Report. The Compliance Monitoring Report be reviewed to ensure it is independent, can be relied upon and any areas of concern are adequately addressed.	X			Corporate Finance and Revenue Services will meet with Teranet to establish a reporting schedule to ensure compliance monitoring, and that any areas of concern within the Compliance report, as identified by City staff, are addressed: Last quarter of 2010.
4.	The Deputy City Manager and Chief Financial Officer request Teranet Enterprises Inc. to ensure that only those fees approved by City Council are charged on municipal land transfer tax transactions. Further, Revenue Services Division establish a process to ensure Teranet complies with the provisions contained in the Municipal Land Transfer Tax By-law No. 1423-2007.	X			Revenue Services will meet with Teranet to discuss an annual fee schedule review, and to discuss and propose the execution of an annual MLTT compliance declaration: First quarter 2011.

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5.	The Deputy City Manager and Chief Financial Officer complete a sample review of municipal land transfer tax rebates granted by Teranet Enterprises Inc. during the seven-month period ending August 31, 2008 to ensure that the City's rebate eligibility criteria were met.	X			Revenue Services staff will conduct a review of tax rebates granted by Teranet using a sample deemed adequate for the seven month period (ending August 31, 2008) to ensure compliance with the City's criteria: First quarter of 2011.
6.	The Deputy City Manager and Chief Financial Officer review the level of ongoing resources required in order to effectively audit the various documentation provided by third parties to support the payment and rebate of municipal land transfer tax. Such a process be conducted in collaboration with the Province in order to leverage the current provincial audit program.	X			Revenue Services will undertake a review of the resource requirements to effectively audit MLTT files, in collaboration with the Province (Ministry of Revenue). Revenue Services will also finalize and implement a formal Memorandum of Understanding (MOU) for information sharing on MLTT/LTT audit programs: Last quarter of 2010.

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7.	The Deputy City Manager and Chief Financial Officer consider the possibility of recovering staff costs relating to the processing of manual rebate and refund applications on electronically registered conveyances.	X			Revenue Services will evaluate and report to Council as necessary on the implementation of new user fees for processing manual rebate(s)/exemption(s) and refund applications for electronically registered conveyances: Second quarter 2011, to be developed within the context of an anticipated corporate strategy for user fees.
8.	The Deputy City Manager and Chief Financial Officer encourage prompt payment by developing policies to implement interest, financial penalties and other enforcement measures permitted by the Municipal Land Transfer Tax By-law No. 1423-2007.	X			Revenue Services staff will formalize and implement internal policies and procedures for interest and penalty application, along with the execution of additional enforcement measures identified within the MLTT By-law: Last quarter of 2010.

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9.	<p>The Deputy City Manager and Chief Financial Officer:</p> <p>a. in consultation with the City Solicitor, review the Municipal Land Transfer Tax By-law No. 1423-2007 to identify any provisions requiring clarification or amendment, and report to City Council, if necessary, on any revisions identified</p> <p>b. develop clear written guidelines to ensure consistent application of provisions in the Toronto Municipal Land Transfer Tax By-law No. 1423-2007 by staff of the Revenue Services Division.</p>	X			<p>Revenue Services will consult with City Legal Services and Corporate Finance, and undertake a review of the MLTT By-law, and will report to Council if required on any necessary revisions: By-law review in consultation with Legal Services to be completed by the fourth quarter of 2010; and report to Council, if required to be completed, by second quarter of 2011.</p> <p>Revenue Services will review and formalize operational guidelines and train staff to ensure the consistent application of the provisions within the MLTT By-law: Second quarter of 2011.</p>