

# Improving Controls Over Property Tax Assessments and Payment in Lieu of Taxes

**Audit Committee  
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# Background

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- Included in AG Audit Plan
- Total Assessed Value of 740,000 properties is \$525 Billion
- \$5.8 Billion Billed in 2014 (includes Property Taxes, Education Levy and Payment in Lieu of Taxes)
- City pays MPAC almost \$40 million
- Audit identified a number of areas where systems and controls are operating effectively as well as opportunities to improve controls over property tax assessment review, appeal and billing process and coordination with MPAC

# Background

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Audit Objective was to review the adequacy of controls over:

- Property assessments provided by MPAC
- Property Tax Billing System
- Billing and Collection of Payment in Lieu of Taxes (PILTS) related to government owned properties

# Background (Cont'd)

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- Property tax billing process is effective
- City Council approved tax rates were entered accurately into the tax management system
- Tax calculations based on assessment values were performed correctly

# Opportunities for Improvement

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- Review of Property Assessments
  - Government Owned
  - Non-Residential
- Collection of Payment in Lieu of Taxes - Government Properties
- Review of MPAC assessment data
- Timely Update of Property Renovations
- Mailing Expenses could be reduced
- Information Technology Controls

# Audit Report Recommendations

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- 15 Recommendations related to:
  1. Assessments and Payment in Lieu of Taxes for Government Owned Properties
  2. Assessments of Non-Residential Properties
  3. Other Recommendations related to Property Tax Billing and Administration and Information Technology Access Controls

# Conclusion

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- Audit includes 15 recommendations
- Management Letter includes 7 recommendations on issues of less significance
- Management agrees with all but one of the recommendations and has provided action plans and timelines for implementation
- Management has initiated action on recommendations related to developing building permit status reports and IT access controls
- Implementation of recommendations will result in additional revenue and cost savings
- AG will Follow-up on Recommendations in 2017