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

Audit Committee
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Background

- 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

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)

- 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

- 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

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

• 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