

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Chief Financial Officer



Office of Integrity and Oversight

MEMORANDUM

TO: Stephen M. Cordi, Deputy Chief Financial Officer
Office of Tax and Revenue

David Shive, Acting Chief Information Officer
Office of the Chief Information Officer

FROM: William J. DiVello, Executive Director
Office of Integrity and Oversight

DATE: March 15, 2012

SUBJECT: FINAL REPORT: Audit of the Office of Tax and Revenue Real Property Tax Administration's Assessment Roll Correction Process and Related Refunds (**Report Number: OIO-11-1-23-OTR**)

This final report summarizes the results of the Office of Integrity and Oversight's (OIO's) audit of the Office of Tax and Revenue's (OTR's) Real Property Tax Administration's Assessment Roll Correction Process and Related Refunds. OIO included this audit in our fiscal year 2011 audit plan.

The audit identified two serious weaknesses that impact the internal controls and operations of the assessment roll correction process. These deficiencies include the:

- Absence of a reasonable assurance of the integrity of the transactions in the Computer Assisted Mass Appraisal (CAMA) system which impacts the real property values recorded in the Integrated Tax System; and
- Inconsistent or absent documentation for assessment roll corrections and property tax refunds.

OIO provided 11 recommendations for senior management to address the weaknesses identified in the report. These recommendations, when fully implemented, should improve the system of internal control, the processes used, and the documentation supporting the assessment roll changes and corrections.

The Deputy Chief Financial Officer for OTR, in his response to the draft version of this report, generally agreed with eight of the eleven recommendations. The OTR responses to two recommendations (3 and 9) did not fully address the recommendations. The OTR stated that

recommendation 7 was confusing. Accordingly, we revised recommendation 7 based on the comments we received. Further, we request that the Deputy Chief Financial Officer reconsider his position on recommendations 3 and 9 and provide a response to the revised recommendation 7 by April 15, 2012. The following table provides a summary on the status of the recommendations.

Recommendation Status	Fully Responsive	Requires Comment	Revised
Recommendation Number	1, 2, 4, 5, 6, 8, 10, and 11	3 and 9	7

We appreciate the assistance and cooperation that you and your staff provided to us during the course of this audit. Should you have any questions on this audit please contact me at (202) 442-6433 or your staff may contact Mohamed K. Yusuff, Director of Internal Audit at (202) 442-8240, or Tisha N. Edwards, Senior Audit Manager at (202) 442-6446.

cc: Natwar M. Gandhi, Chief Financial Officer, Government of the District of Columbia
Angell Jacobs, Chief of Staff, Office of the Chief Financial Officer (OCFO)
Kathy Crader, Chief Risk Officer, OCFO
Glen Groff, Director of Operations, OTR
Robert Farr, Director, Real Property Tax Administration, OTR

Attachments

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE CHIEF FINANCIAL OFFICER**

**AUDIT OF THE OFFICE OF TAX AND REVENUE REAL PROPERTY
TAX ADMINISTRATION'S ASSESSMENT ROLL CORRECTION
PROCESS AND RELATED REFUNDS**

OFFICE OF INTEGRITY AND OVERSIGHT



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**Audit of the Office of Tax and Revenue Real Property Tax Administration's
Assessment Roll Correction Process and Related Refunds**

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Audit of the Office of Tax and Revenue Real Property Tax Administration's Assessment Roll Correction Process and Related Refunds

ACRONYMS

ASD	Assessment Services Division
BRPAA	Board of Real Property Assessment Appeals
CAMA	Computer assisted mass appraisal
CIO	Chief Information Officer
DCFO, OTR	Deputy Chief Financial Officer, Office of Tax and Revenue
FISCAM	Federal Information Systems Control Audit Manual
Form	Assessment Roll Correction Form
FY 2010	Fiscal year 2010
FY 2011	Fiscal year 2011
GAO	Government Accountability Office
ITS	Integrated Tax System
Long Ticket	Assessment Change Coding Sheet
MTRU	Maps Titles/Roll Unit
OCFO	Office of the Chief Financial Officer
OIO	Office of Integrity and Oversight
OTR	Office of Tax and Revenue
PRC	Property Record Card
ROD	Recorder of Deeds
RPAD	Real Property Assessment Division
RPTA	Real Property Tax Administration
SSL	Square, Suffix, Lot
TAS	Tax Administration System
TSG	Tax Systems Group

Audit of the Office of Tax and Revenue Real Property Tax Administration's Assessment Roll Correction Process and Related Refunds

OVERVIEW

The Office of Integrity and Oversight (OIO) audited the Office of Tax and Revenue (OTR) Real Property Tax Administration's (RPTA's) assessment roll correction process and the related refunds. The overall objectives of the audit were to determine whether RPTA had adequate internal controls over assessment roll corrections, and any related taxpayer refunds to provide reasonable assurance that the District Government's assets were adequately safeguarded and the reporting of assessment roll changes were reliable. Our audit covered the period October 1, 2009 through March 31, 2011. This audit was included in OIO's fiscal year 2011 (FY 2011) Audit Plan for the OTR.

CONCLUSIONS

OIO concluded that the OTR RPTA has serious weaknesses in its internal controls and processes for the review and processing of assessment roll changes and corrections. These weaknesses inhibit the OTR RPTA from providing reasonable assurance that the system of internal controls and processing of assessment changes is adequate to protect District Government resources.

The audit identified that functional internal controls were not in place to ensure the integrity of the assessment roll correction transactions. We found that transactions could be created or altered without creating a transaction trail. Real Property Assessment Division (RPAD) staff was able to create unbalanced transactions that, if not detected, could adversely impact the appraised values of the real property reported in the Integrated Tax System (ITS). The same staff that were able to create the unbalanced transactions were able to "self approve" their transactions.

We identified additional weaknesses in the documentation and control of assessment roll changes and property tax refunds. Our review of assessment roll changes identified a wide disparity between the stated procedures and the actual documentation maintained. Additionally, the process to retain and retrieve assessment roll changes and corrections need significant improvements. The RPAD staff was unable to locate approximately 18 percent of the sample documents (40 of 225) we requested. Approvals of assessment roll changes and corrections were inconsistent resulting in several instances where the first level supervisor was the only individual to approve a significant number of the changes and corrections. Documentation for the property tax refunds did not consistently agree with OTR's *Interim Refund Directive*. Our testing of property tax refunds found that documentation for one of the five refunds could not be located by ASD, and documents required by the *Interim Refund Directive* were missing for two of the four refunds we examined.

Audit of the Office of Tax and Revenue Real Property Tax Administration's Assessment Roll Correction Process and Related Refunds

RECOMMENDATIONS AND MANAGEMENT ACTIONS

Our report contains 11 recommendations. Five of the recommendations are addressed jointly to the Deputy Chief Financial Officer, Tax and Revenue (DCFO, OTR) and the Chief Information Officer (CIO). The remaining recommendations are addressed to the DCFO, OTR. The recommendations to the DCFO, OTR and the CIO address, in part:

- Establishing separate passwords for the CAMA super-users and documentation logs for when these passwords are used.
- Developing an automatic transaction trail for all CAMA transactions including super-user generated corrections.
- Developing either an electronic interface between CAMA and ITS or reporting for all transactions transferred between the two systems, and whether the transactions are successfully processed in ITS.

Six recommendations are addressed to the DCFO, OTR and include in part:

- Implementing controls over the assignment and user of the super-user status for the CAMA system.
- Initiating a system of periodic reviews of assessment roll changes by staff external to RPAD and RPTA.
- Developing and implementing an effective process for the documentation of the assessment roll changes inclusive of system and manually generated documents. The procedures and documentation requirements should be reduced to writing and provided, with any related training, to all RPAD staff.
- Developing an approval process that ensures complete and timely approvals of assessment roll changes and corrections by supervisory staff.
- Consolidating the Assessment Roll Correction Form (Form) and Assessment Change Coding Sheet (Long Ticket) to develop a single computer based document that will meet both purposes.

A summary of the potential benefits from this audit are included at Exhibit A.

Audit of the Office of Tax and Revenue Real Property Tax Administration's Assessment Roll Correction Process and Related Refunds

The DCFO, OTR responded to OIO's draft of this report on March 1, 2012. In his response, the DCFO, OTR generally agreed with or provided viable alternative solutions to eight of the eleven recommendations (Recommendations 1, 2, 4, 5, 6, 8, 10, and 11). For two recommendations (Recommendations 3 and 9) the response did not fully address the noted findings. Additionally, the response to Recommendation 7 stated that OIO's recommendation was confusing and that OTR could not respond. OIO requests that the Deputy CFO, OTR reconsider the agency's position on Recommendations 3 and 9, in light of OIO's evaluation and provide comments on the revised Recommendation 7. We request that written comments be provided to us by April 15, 2012.

A copy of the DCFO, OTR's response is included as Exhibit B to this report.

Introduction

BACKGROUND

OTR is responsible for the assessment and collection of tax revenues on behalf of the District of Columbia Government. The largest single tax revenue source is the real property tax. In fiscal year 2010 real property taxes comprised 37.90 percent of the total tax revenue and 32.64 percent of the total Governmental Fund revenues. The following table provides additional detail on the relationship of real property taxes to the District Government's other tax sources.

Table 1
FY-10 General Government Revenues
Amounts Expressed in \$000s

Revenue Type	Amount	Percentage of Tax Revenues	Percentage of Total Revenue
Real Property Taxes	\$ 1,876,815	37.90	32.64
Sales and Use Taxes	1,081,005	21.83	18.80
Income and Franchise Taxes	1,434,131	28.96	24.94
Gross Receipts Taxes	295,531	5.97	5.14
Other Taxes	264,959	5.35	4.61
Total Tax Revenues	4,952,441	100.00	86.13
Other Non-tax Revenues	797,320	16.10	13.87
Total General Government Revenue	\$ 5,749,761	116.10	100.00

Source: *Comprehensive Annual Financial Report Year Ended September 30, 2010, Statement of Revenues, Expenditures, and Changes in Fund Balances for Governmental Funds.*

In order to manage the real property taxation and revenue collections processes, OTR established the RPTA as one of its six administrations. RPTA's mission is the administration of tax laws and regulations related to the taxation of real property within the District of Columbia.¹ RPTA includes three separate operating divisions: for the assessment of property, the Assessment Division (RPAD); for the billing and collection of real property taxes, the Assessment Services Division (ASD); and for the recording of real property sales, transfers, and liens and attachments on various pieces of real property, the Recorder of Deeds (ROD). RPTA's organization chart delineates that at the start of FY 2011 the RPTA personnel authorization was 132 positions, of which 69 were authorized for RPAD. Of the 69 positions, 60 were classified as appraisers or assessors.² The RPTA divided the balance of the 70 positions among ASD with 33 positions; ROD with 23 positions; and the Director, RPTA with 7 positions.

¹ Mission statement taken from the descriptions of the individual offices and administrations found within OTR. These descriptions are found at www.ocfo.in.dc.gov/cfo/cwp/view.asp?a=1224&q=496716

² For the purposes of this report the terms appraiser and assessor are used interchangeably.

Introduction

RPAD is responsible for assessing the value of all real property within the District of Columbia annually.³ According to the *FY 2011 Assessment Ratio Report*, RPAD during the year assessed approximately 195,000 properties.⁴ The assessed value, or fair market value, is based on the most current, accurate, and conclusive full value of the property.⁵ The ideal situation is to have the assessed value equal the offer made by a serious potential buyer in an “arm’s length” transaction, the amount at which the property owner agrees to sell. The assessed value is determined by several factors including Federal or D.C. Government restrictions placed on the property, sales of similar types of property within the same geographic area, current replacement costs, age of the building, and accumulated depreciation, best use of the property, and the current condition of the property.⁶

The assessed value is one of the principal drivers in the determination of the amount of tax billed to property owners. The other drivers in the equation are the property’s classification, and the tax rate that is approved by the Council of the District of Columbia. There is an approximately 15 month lag between the time that the proposed assessment is initially determined and the use of that assessment in the property tax billings.

The assessment roll is a list of all of the properties in the District of Columbia that includes the assessed (fair market) value of the land and improvements to that property. RPTA uses two methods to adjust the assessed value of the land and improvements. The first is an economic adjustment which adjusts for an increase or decrease of a property value based on economic factors including the property’s location. This economic adjustment is determined for specific areas, generally neighborhoods, which impact the assessed values annually. The second adjustment, the roll correction, is property specific. A roll correction is designed to account for changes to the land, improvements, and use of the property made by the taxpayer. A roll correction will be used to increase the assessed value of a property to account for additional improvements, or a change in the property’s use that increases its value. Similarly, roll corrections account for a decrease in value caused by changes to the land (reducing the size of a specific lot) or changes in the improvements to the property that reduce its value. For example, a building is raised due to a fire or other event; a roll correction would be prepared to reflect the decrease in the value of the property.

Roll corrections, except for supplemental assessments⁷ are made throughout the year; the effect of the change impacts the proposed annual assessment values established on January 1 of each year. The additional proposed supplemental assessments are included in the assessment roll on August 1 for assessment work conducted between January 1 and June 30⁸, known as first half

³ Title 9 District of Columbia Municipal Regulations section 305.1 (9 DCMR §305.1)

⁴ Office of the Chief Financial Officer, Office of Tax and Revenue, Real Property Tax Administration; *FY 2011 Assessment Ratio Report*, 12 October 2010; page 3. Found at http://otr.cfo.dc.gov/otr/frames.asp?doc=/otr/lib/otr/2010_rpta_forms/2011_rpta_sales_ratio_report_final.pdf

⁵ 9 DCMR § 306.2

⁶ 9 DCMR § 307.1

⁷ Supplemental assessments are defined in section 47-829 of the DC Code (DC ST § 47-829).

⁸ DC ST § 47-829(a)(2)(A)

Introduction

supplemental, and February 1 for assessment work conducted between July 1 and December 31 of the prior year⁹, referred to as a second half supplemental. Supplemental assessments impact the real property tax bills on October 1 and April 1 respectively, and are payable on March 31 and September 15.¹⁰

Roll corrections that reduce a property's assessed value and result in a refund appear to be a rare occurrence. This is due to the approximately 15-month lag between establishing the property's value and issuing the real property tax bill. During this 15-month period, the taxpayer has the opportunity to appeal the property value to the RPAD, first level appeal; and if not successful to the former Board of Real Property Assessments and Appeals (BPRAA), second level appeal.¹¹ All of the first level appeals and a majority of the second level appeals are decided before the real property tax bills are finalized and sent to the taxpayer. In some cases the BPRAA appeal decisions were filed after the real property tax bills were sent to the taxpayers. In other cases the taxpayer paid the tax bill in full before receiving the BPRAA decision necessitating a refund. The exception to an assessment roll reduction infrequently resulting in a refund is for appeals decided by the D.C. Superior Court. A taxpayer's successful appeal will result in a refund, including a six percent interest charge. This is due to the Superior Court's policy of requiring the taxpayer to fully prepay the amount of tax due prior to filing the appeal and the length of time before the Court processes the appeal.¹² During our audit period of October 1, 2009 to March 31, 2011, we identified five refunds from assessment roll corrections, totaling \$106,993. Four refunds, totaling \$105,568, were the result of late BPRAA decisions. One refund of \$1,425 resulted from a D.C. Superior Court decision.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of this audit were to:

- Determine the effectiveness of the system of internal controls for the changes made in the assessment rolls that impact the amount paid for real property taxes.
- Review system of internal controls for the refunds issued as a result of changes in the assessment rolls to determine compliance with OTR's *Interim Refund Directive*, dated March 17, 2009.

In order to meet these objectives, we reviewed the 5,123 approved assessment roll correction forms that were processed during the period October 1, 2009 through March 31, 2011. This review was done by selecting a statistical sample of 225 items using a confidence level of 95 percent, a materiality level of 3 percent, with an expected error rate of 1 percent. RPAD provided us with 185 Forms and Long Tickets included in our sample.

⁹ DC ST § 47-829(a)(2)(B)

¹⁰ DC ST § 47-829(a)(1)

¹¹ This Board was replaced at the start of FY-2012 by the Real Property Tax Appeals Commission.

¹² D.C. Superior Court Tax Division – Frequently Asked Questions: If I want to appeal my real property assessment do I file a petition with the DC Superior Court first – at http://www.dccourts.gov/dccourts/superior/tax/tax_faq.jsp

Introduction

OIO performed a series of additional steps to gain an understanding of the process and procedures to process, review, and approve assessment roll corrections and related changes; and also the process used to generate refunds as a result of these changes. These procedures included interviews with Real Property Assessment Division (RPAD) staff including appraisers, managers; and the Assessment Services (ASD) adjustment staff and management.

Based on the data provided to us during the interviews, we developed tests of the documentation supporting the Forms and Long Tickets to verify that the changes were done and supported in accordance with RPAD's policies and procedures.

To review the process for the generating property tax refunds from assessment roll corrections, we interviewed the ASD management regarding the refund process and examined and compared the documentation for four of the five refunds for real properties that were included in our population of approved assessment changes.

Our audit was conducted in compliance with the generally accepted government auditing standards for performance audits. Those standards require that we plan and perform the audit to obtain sufficient appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on the audit's objectives.

USE OF COMPUTER PROCESSED DATA

OIO relied on the approved assessment roll change and correction data in CAMA to select the test sample we used to determine whether RPAD maintained sufficient internal controls to support the changes. We found discrepancies in the data; however, for the purposes of this audit we found that the data was sufficiently reliable for us to draw conclusions noted herein.

Findings and Recommendations

FINDING 1: TRANSACTION INTEGRITY
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SYNOPSIS

RPAD's system of internal control for the processing and accounting for all CAMA assessment changes is significantly flawed. Certain RPAD supervisory personnel were assigned super-user status that allowed them to: (1) alter transactions without creating a documentation (audit) trail for the alteration for these entries; (2) create unbalanced transactions within the CAMA database that impacted real property assessments; and (3) "self approve" the transactions that they entered in CAMA. RPAD and the Tax Systems Group (TSG) did not have an effective electronic interface and a process to reconcile the transactions and property values in CAMA and ITS. These flaws result in a significant increase in the risk and opportunity for erroneous or inappropriate transactions to occur with little opportunity for detection by other RPAD staff.

DISCUSSION

The Government Accountability Office's (GAO's) *Federal Information System Control Audit Manual (FISCAM)* states the objectives of access controls are, in part, to assure that authorized users only have access needed to perform their duties; access to very sensitive resources is limited to very few individuals; and employees are restricted from performing incompatible functions or functions beyond their level of responsibility.¹³ GAO's *Standards for Internal Controls in the Federal Government* discusses, in part, that transactions need to be documented, documentation should be readily available for examination for actions such as approvals, authorizations, verifications, reconciliations, and monitoring. This document discusses the need for interfaces and controls between computerized applications to ensure that all data are valid and received between the systems and that the outputs are correct.¹⁴

a. Use of the Super-User Status

RPAD provided supervisory level staff with enhanced access rights in the CAMA system. These rights allowed: access to CAMA transactions and grids/tables, the ability to create and alter transactions without creating a documentation trail, the ability to create and post unbalanced transactions, and the ability to self-approve transactions. For the purposes of this report, OIO will collectively refer to this access level as super-user. RPAD staff told us that this level of access was necessary for the supervisors to change entries so that the entries would post correctly

¹³ U.S. Government Accountability Office; *Federal Information System Control Audit Manual*; Report Number: GAO-09-232G; February 2009; page 200.

¹⁴ U.S. Government Accountability Office, formerly the U.S. General Accounting Office; *Standards for Internal Controls in the Federal Government*; Report Number: GAO/AIMD: 00-21.3.1; November 1999, pages 14-17.

Findings and Recommendations

to the ITS database, reconstruct prior entries to document the effect of specific changes, and to ensure that the amounts recorded in CAMA were reflective of the appraised value of a specific piece of property. RPAD staff also conveyed to us that the Tax Systems Group (TSG) did not provide super-users with a separate User ID and password to log-in when this level of access was needed. Access requiring a super-user status was not tracked by RPAD to determine the types of erroneous transactions or other modifications made to the CAMA database. Documentation of a super-user altering a transaction is critical for RPAD to verify that the modifications are necessary, comply with OTR and RPAD policies, and to assure the transactions integrity.

The current RPAD practice does not effectively limit access to sensitive data on an as-needed basis. Effective access controls provide the system user with the level of access necessary to perform their responsibilities at the time. Additional or super-user access would only be provided when necessary to perform a specific transaction or make a specific correction. The current practice could allow a super-user to create erroneous or inappropriate transactions that would have little chance of discovery by other RPAD and RPTA staff.

b. Creation or Alteration of Transactions Without a Transaction Trail

The super-users had the ability to change CAMA transaction fields and values within CAMA without documenting a transaction trail of the modifications or elimination of the transaction. RPAD staff told us, and we confirmed through observation, that they were able to change transactions and modify transaction dates, and that transaction trails were not created to identify those changes in CAMA. In addition to the ability to change a transaction date, the super-user could change the assessed amounts for real property and improvements, property use codes, and the proposed values for the real property and improvements entered by the appraiser. According to the RPAD staff, the super-users were provided this ability to ensure that CAMA values properly reflected the appraisers intended value.

The ability to alter transactions without the creation of a transaction trail impacts the integrity of all the transactions in the CAMA database; as RPAD cannot provide a reasonable assurance that all the balances are adequately supported by transactions that were entered and approved in the normal course of business. Additionally, this practice increases the risk of errors, or improper transactions could be entered into CAMA with only minimal probability of detection. Further, RPAD officials could not show who are to be held as responsible for improper transactions in CAMA.

c. Ability to Create Unbalanced Transactions

CAMA is designed to overlay the most current transaction over any prior transactions. This system allows for direct entry of the assessed value of the real property and improvements. This process eliminates the need for adjusting entries to properly reflect the assessed values. At the appraiser level of entry, the amounts entered for the assessed values of the real property and improvements must equal the amount entered as the total assessed value. The super-users,

Findings and Recommendations

however, are able to create unbalanced entries, where the total assessed value does not agree with the values entered for real property and improvements. During our audit period we identified 22 transactions that were unbalanced. Our review of these transactions with the CAMA Manager found these unbalanced transactions were created to make adjustments in the transaction trail to reflect balances prior to a specific transaction. For example, we found one transaction where a change in the property's use code resulted in a change in value of the property which should not have occurred. This resulted in a one sided transaction to overwrite the incorrect transaction and properly reflect the change in the property's value. The CAMA Manager also explained that the individual performing the unbalanced transaction generally did not prepare a Form to document the transaction.

While it is sometimes necessary to create an unbalanced transaction, the absence of documentation to support the change is a critical deficiency. The documentation provides the reason for the change and what the proper CAMA balances should be. Should questions arise it allows the transaction reviewer with the reason and support for the change. Currently, the super-users rely on others understanding of the system to determine the reason or need for the change.

d. Super-User Self-approval of Transactions

According to the CAMA Manager, the base user access profile will allow the user to enter a proposed transaction and change in CAMA. However, the user cannot approve their transaction or those of others. For the super-users, their profiles allow them to approve all transactions. The profile does not distinguish between transactions generated by the super-user or transactions generated by others. As a result, the super-user can enter and approve their own transactions, without detection; or without the review of another party. This practice significantly increases the possibility that an erroneous or improper transaction could occur and remain undetected.

A long standing business practice is that no individual should have complete control over any transaction from beginning to end. This standard reduces the chance of error or improper transaction occurring, and it provides a supervisor the opportunity to verify that the transaction is appropriate and documented in compliance with RPAD's policies.

e. Electronic Interface and Transaction Reconciliation

GAO's *Standards for Internal Controls in the Federal Government* specifically discusses the need for automated interfaces, as part of the application controls, between two systems. GAO states that:¹⁵

This category of control is designed to help ensure completeness, accuracy, authorization, and validity of all transactions during application processing. Control should be installed at an application's interfaces with other systems to ensure that all inputs are received and are valid and outputs are correct and

¹⁵ Ibid, page 17.

Findings and Recommendations

properly distributed. An example is computerized edit checks built into the system to review the format, existence, and reasonableness of data.

RPTA and TSG have not established an effective interface between CAMA and ITS to ensure that all transactions are processed and correctly recorded in both systems. The process in place, at the time of our audit, was a manual one, requiring daily intervention by the RPTA staff to transmit and upload the CAMA transactions into ITS. The process did not identify the number of transactions and value of the transactions that were transmitted to ITS by CAMA. Similarly, except for rejected transactions, ITS did not report the number of transactions and total value processed. Rejected transactions were corrected by RPAD and included as part of the next transaction file sent to ITS, according to the Supervisor, Maps & Titles Roll Unit (MTRU). The process would not readily allow RPAD or TSG to validate that all transactions had been transmitted from CAMA to ITS and processed as intended, and that accountability for each transaction was maintained.

OIO also inquired about the process for reconciling the values in CAMA with those in ITS to support the values recorded in the annual financial statements. The CAMA Manager stated that he did perform an annual reconciliation of the data in CAMA with that in ITS. He provided us with a spreadsheet of the adjustments necessary to balance both systems.

OIO attempted to “re-perform” the reconciliation and requested that RPTA and TSG provide us with a report of the CAMA and ITS total assessed values for tax year 2011. Our comparison of the data in the files provided to us found differences in 441 square, suffix, lot (SSL) identifiers in which the CAMA values were higher than those reported in ITS.¹⁶ Subsequent testing of these differences, using a sample of 50 judgmentally selected transactions, found that the report provided by TSG omitted 407 second half supplemental assessments, reported by RPAD, for tax year 2011. While we concluded that the reconciliation procedures and balances were reliable, we did identify the following weaknesses:

- Copies of the electronic reports were not retained by the CAMA Manager to support the reconciliation;
- Procedures used, including how the CAMA and ITS generation by the CAMA Manager to reconcile the two systems, were not reduced to writing;
- Reconciliations were not performed during the year; and
- Reconciliations were not reviewed and approved by RPTA staff other than the CAMA manager.

RECOMMENDATIONS:

The DCFO, OTR and the CIO should take the following actions:

¹⁶ The 441 differences identified represent 0.2 percent of the total number of SSLs in the CAMA database and the net difference in values 0.00009 percent of the total assessed values.

Findings and Recommendations

1. Establish separate user passwords for the super-users that are employed only when necessary to correct errors in CAMA, and develop a log that is provided to RPTA management to track the use of the super-user passwords and the transactions or edits performed with the password.
2. Develop a process that provides a transaction (audit) trail for all CAMA transactions.
3. Develop reports for CAMA and ITS that provide detail on the number of transactions sent to ITS, successfully processed transactions, and rejected transactions. The CAMA and ITS reports should include both individual transaction detail and total number and dollar value of the transactions.
4. Develop policies and procedures that are employed by RPTA and TSG to reconcile the CAMA and ITS balances on a periodic basis. The policies and procedures should include the retention requirements for the reports and spreadsheets that document the reconciliation of the systems and the resolution of any reconciling items.
5. Determine the necessity of allowing the super-user profile to automatically default to the approval status for all entries. Based on the necessity for this type of default, restrict the super-users from approving transactions that they have initiated to assure distinct separation of duties and transaction integrity.
6. The DCFO, OTR should take the following actions:
 - a. Mandate that the Director, RPTA develop policies and procedures for the processing and correction of assessment roll changes in CAMA by all staff.
 - b. Mandate the Director, RPTA and the Chief Assessor determine the number of CAMA super-users and the positions that will have the ability to have super-user passwords. Additionally, mandate the Director, RPTA and the Chief Assessor develop documentation requirements for each use of the super-user password.
 - c. Direct that the Chief Assessor develop documentation policies and procedures for correcting CAMA entries (both those that do not generate a transaction trail and out of balance entries), and entries initiated by the super-users.

MANAGEMENT RESPONSE AND OIO COMMENTS

Management Response (Recommendation 1)

OTR did not agree with this recommendation due in part to the limitations in the ITS and CAMA (Vision) systems regarding passwords. The response included an alternative corrective action that a report of all super-user transactions would be provided to the Chief Appraiser for review and any necessary action. This report is scheduled to be implemented by May 31, 2012.

Findings and Recommendations

OIO Comment

OTR's alternative recommendation is responsive to the recommendation.

Management Response (Recommendation 2)

The response stated that RPTA would revise its procedures for changing assessment transactions. This change will include adding additional transaction lines to reflect the necessary adjustments to the SSL's values. OTR stated that the additional transaction lines will increase the transparency of the transaction and allow it to be more easily understood. This change will be implemented by May 1, 2012.

OIO Comment

The proposed corrective action is responsive to the recommendation.

Management Response (Recommendation 3)

There is already a pre-existing interface between CAMA and ITS along with a user notification (via e-mail) kick out transaction (excel file). RPTA will request that TSG to notify users via e-mail whether or not the interface ran and implement an automated roll correction form/database that will allow an employee to systematically compare ITS, CAMA, and the Roll Correction database for discrepancies. This change will be implemented by May 31, 2012.

OIO Comment

RPTA's proposed corrective actions are not fully responsive to the recommendation. The process described, was in place at the time of the audit, and does not effectively account for all transactions. This process does not provide for end-to-end accountability for all CAMA and ITS transactions. For example, the processing and dating of the rejected transactions is not addressed. The recommendation was designed to provide end-to-end accountability and include both individual detailed transactions in addition to summary values from both CAMA and ITS.

We request that the DCFO, OTR reconsider OTR's position and provide us with a revised response by April 12, 2012.

Management Response (Recommendation 4)

RPTA periodically reconciles the CAMA balances against the ITS balances. RPTA will develop procedures to formalize and document the reconciliations that will be performed monthly. The reconciliation process will include a check to identify and correct unbalanced transactions. The revised reconciliation process will be implemented by May 1, 2012.

Findings and Recommendations

OIO Comment

OTR's planned corrective actions are responsive to the recommendation.

Management Response (Recommendation 5)

RPAD recently revised its policies and procedures to ensure better separation of duties pertaining to the approval of assessment changes made by super-users and the entire staff. The revised procedures include additional levels of approval to ensure that a single individual cannot modify a record and then act as the approver of the change. Training will be provided to the staff in an upcoming comprehensive training program that will cover this and other issues. Implementation of these corrective actions will be completed by May 31, 2012.

OIO Comment

The response effectively addresses the recommendation.

Management Response (Recommendation 6)

OTR responded to each of the sub-recommendations by stating:

- a. RPAD established a set of procedures for the bulk of the activities performed by the division. As a result of this audit and the ensuing changes, existing procedures will be modified, where necessary, and new procedures developed as necessary.
- b. CAMA super-users have been determined and we have established documentation requirements that are reviewed by the Director on a quarterly basis and will also be reviewed by the Chief Assessor going forward.
- c. The Chief Assessor will develop procedures to formalize and document these reconciliations. We will reconcile the CAMA and ITS balances monthly.

The projected date for implementation of these changes is May 31, 2012.

OIO Comment

RPAD's planned recommendations are responsive to the recommendation.

Findings and Recommendations

FINDING 2: DOCUMENTATION AND CONTROLS FOR ASSESSMENT ROLL CORRECTIONS AND PROPERTY TAX REFUNDS
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SYNOPSIS

The process used by RPAD for documenting and controlling assessment roll changes needs significant improvements. Weaknesses were identified in the documentation and retention of individual assessment roll changes. Management approvals for the changes were not in compliance with RPAD's stated policies and were not timely. RPAD lacked written policies and procedures for the review and processing of assessment roll changes. Use of both the Form and the Long Ticket did not significantly improve the documentation of the transaction or its clarity. As a result, RPAD could not provide reasonable assurances that the changes were adequately documented, approved in a timely manner, and the approval of the transaction was compliant with RPAD and RPTA policies.

Additionally, we found that improvements were needed in ASD for the documentation and retention of refunds for real property taxes. Our testing of property tax refunds found that documentation for one of the five refunds could not be located by ASD, and documents required by the *Interim Refund Directive* were missing for two of the four refunds we examined.

DISCUSSION

Obtaining, retaining and maintaining documentation are part of the control activities that help to ensure that management's directives are carried out. Further, documentation supports the necessity for the transaction and generally provides sufficient information to enable an individual knowledgeable of the process used to reach the same conclusion as the individual who prepared the transaction.

Development of written policies and procedures by management enables management to: specifically address the policies and procedures that must be complied with, support the need for obtain specific types of documentation to support a transaction and can serve as a reference manual and training tool for the staff assigned to prepare, review, or approve assessment roll changes.

a. Documentation of Assessment Roll Changes

RPAD had an oral policy requiring that each assessment roll change have the following documents attached as support: (1) a property record card (PRC) generated by CAMA that includes the current property value and changes to the property values that will result in the assessment change; (2) a proposed PRC reflecting the updated values following the change(s); (3) a screen shot from the ITS that shows the current value of the property; and (4) a reason for

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the change in the property's appraised value. The values listed in ITS are to agree with those on the PRC showing the current value. For Long Tickets, that are not the generated for a new lot, the ITS screen shot of the current value was to be included. Additionally, the Supervisor, MTRU stated that the Forms and Long Tickets were to be verified to ensure mathematical accuracy.

Our testing of a random sample of Forms and Long Tickets found that RPAD did not ensure that they complied with their procedures for documenting the assessment changes. Specifically, with the exception of supplying a reason for the assessment change the balance of the tests revealed a greater than 10 percent error rate. Table 2 provides additional detail on the tests performed and the results.

Table 2
Review of RPAD Required Documentation

Documentation Reviewed	Missing Documentation	Percent of Total (n = 185)
Missing the reason for the assessment change	3	1.62
Erroneous mathematical validation by preparer	27	14.59
Missing one or both CAMA PRCs	71	38.38
Missing the screen shot with ITS current value	89	48.11

Source: OIO Analysis of a random sample of Forms and Long Tickets processed by RPAD during the period October 1, 2009 through March 31, 2011.

The Supervisor, MTRU, explained that due to the volume of assessment changes processed by the MTRU, an estimated sample of 10 percent of the documents was reviewed for compliance with the oral procedures. When a sampled document did not meet the standards it would be returned to the appraiser's supervisor for review and necessary corrections. However, we were told that rejecting and returning the documents for corrections was random. In some instances, the Supervisor, MTRU, would obtain the required ITS screen shots and attach them to the document.

b. Document Retention

RPAD was unable to locate 18 percent (40 of 225) of the Forms and Long Tickets that we requested for review. According to the Supervisor, MTRU, the missing documents were the result of a change in the method that MTRU was employing to file the documents. The change impacted the documents beginning with FY 2010. As the sample we requested crossed both FY 2010 and 2011, there was some confusion on locating the documents.

Prior to FY 2010, the documents were filed in individual folders by the square, suffix, lot (SSL) without regard to the transaction date. This filing method made the location of a specific transaction difficult and time consuming as each folder was reviewed to determine if that was the transaction in question. Additionally, MTRU would review the documentation in each folder

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annually to determine the documents that were to be removed and destroyed. In FY 2011, the MTRU received approval to revise the document storage methodology. Beginning with the FY 2010 documents, all documents are filed by transaction date and then SSL. This process, according to the Supervisor, MTRU, improved the ability to locate a specific document and allow the MTRU staff to ensure that all documents said to be processed on a specific date are accounted for.

c. Approvals of Assessment Roll Changes

RPAD did not comply with its approval process outlined on the Form and generally did not document the review the transactions included on the Long Ticket. Approvals beyond the first level supervisor were rarely obtained and many of the approvals were several weeks after the transaction had been entered into CAMA. The process in place during the audit period placed sole reliance on the appraisers' supervisors to review and approve transactions.

The RPAD appraisers and other staff we discussed the process used to approve change transactions, indicated that each transaction would travel through multiple approval layers. These layers consisted of the first line supervisor, the Residential Property Manager/Senior Assessor (Court/Appeals), and the Chief Assessor. For those properties where the assessment change was \$10 million or more the Director, RPTA would approve the change; and for a change that equaled or exceeded \$20 million, the DCFO, OTR, would approve the Form or Long Ticket.

Our testing of a sample of 185 documents found that the approval process that was described to us was not in place and the approvals were not consistently provided. We concluded from our testing that RPAD placed sole reliance on the first line supervisor to review and approve the transactions. Table 3 provides additional detail on the tests that we performed.

Table 3
Assessment Roll Correction Approvals

Supervisor/Manager Responsible for Approval	Missing Approval	Percent of Total (n = 185)
First Line Supervisor's Approval	4	2.16
Residential Property Manager or Senior Assessor (Court/Appeals)	75	20.54
Chief Assessor	172	92.97
Director, RPTA	3	75.00 ^a
Deputy Chief Financial Officer	3	100.00 ^b

Notes: ^a Percentage reflects the total number of Forms that met the \$10 million approval requirement.
^b Percentage reflects the total number of Forms that met the \$20 million approval requirement.

Source: OIO analysis of a random sample of Forms and Long Tickets processed during the period October 1 2009 through March 31, 2011.

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Further, the approvals did not appear to be timely. We found that the average processing time for a Form was 68 days from the date that the appraiser signed the ticket to the final approval by the most senior official approving the document. We also determined that the most senior official approving the Form dated it an average of 35 days following its entry into CAMA.

d. Supporting Document Retention for Real Property Tax Refunds

The process used by RPTA for processing assessment roll changes generally precludes the need for generating real property tax refunds. Adjustments as the result of appeals are generally processed prior to the real property tax bills being issued for payment. The general exception to this is when a taxpayer appeals their assessed value to the D.C. Superior Court for resolution. These appeals require that the full amount of the property tax be paid to OTR prior to the appeal.¹⁷ The appeal may not be heard for several years after filing. Should the Superior Court decide in favor of the taxpayer, RPTA refunds of the difference between the tax paid at the previously assessed value and the tax based on the court mandated value for the specified tax year. Additionally, the Superior Court generally mandates that interest on the difference be paid to the taxpayer.

To address several different types of refunds, including Court Ordered Refunds, the OTR issued a policy titled *Interim Refund Directive* in March 2009. The policy requires that specific documentation be included with the request for the refund. Our testing identified that two of the five refunds generated during the audit period were not supported by the ITS/SOAR Review Certification Form. In one case the form was included but not signed by the preparer/certifier of the payment. In the second instance the form was not included in the documentation package. In both cases the amount of the refund was below \$1,500, and the *Interim Refund Directive* limits the necessary review and approval to the ASD staff member entering the data into the system.

Further, ASD could not locate the documentation for the refund to the owner of SSL 0334 0839. Maintenance of documentation to support transactions is an internal control requirement that allows RPTA to demonstrate that the refund was made in accordance with management's policies and directives and that the refund was properly authorized and executed.

e. Use of the Long Ticket and the Form

The RPAD uses two different forms to record the same types of data. The Long Ticket was generally used to support the creation of "new lots" within the CAMA and ITS databases and for adding the value of a possessory interest in a specific piece of property. The Form is used to support all other assessment roll changes. Our review of both documents found that the information recorded in both documents is similar. The current version of the Form has been

¹⁷ D.C. Superior Court Tax Division – Frequently Asked Questions; If I want to appeal my real property tax assessment do I file a petition with D.C. Superior Court first – at http://www.dccourts.gov/dccourts/superior/tax/tax_faq.jsp

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adapted for use on a personal computer and the Long Ticket requires manual entries for all of its fields, increasing the opportunity for error. We found that the Long Ticket did not provide space to provide evidence that the data changes were approved as the document was updated. This weakness creates opportunities for the processing of erroneous and improper transactions with only minimum opportunities for detection.

RECOMMENDATIONS

7. [This recommendation is a revision to that provided in the Draft report.] The DCFO, OTR should develop a system for the periodic reviews of the assessment roll changes and supporting documentation. This review should be conducted by OTR staff that is external to RPTA and RPAD, specifically. The results of this review should be documented and corrective actions taken when necessary. The results of these periodic reviews should be reported to RPTA and other responsible OTR staff.

The DCFO, OTR should direct that the Director, RPTA to take the following actions:

8. Develop and implement an effective process for the documentation of the assessment roll changes inclusive of system and manually generated documents. The procedures and documentation requirements should be reduced to writing and provided, with any related training, to all RPAD staff.
9. Develop document retention and filing procedures for all assessment related papers including document retention schedules and locations where documents are to be secured, in accordance with applicable laws and regulations. These policies and procedures should address how archived document files that do not meet the current policies will be addressed. The resulting policies and procedures should be provided to all RPTA staff.
10. Review the current approval process for assessment roll changes and the timelines for reviewing, rejecting or approving documents. Develop an approval process that assures that all assessment roll corrections have been reviewed and approved by appropriate levels of management. Document the approval process and provide the revised process to all RPTA staff.
11. Combine the Form and the Long Ticket into a single form that can be adapted for entry via computer. Either the revised Form, or the current version of the Long Ticket, should be modified to require that assessment roll changes be approved in the same manner as the changes using the Form.

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MANAGEMENT RESPONSE AND OIO COMMENTS

Management Response (Recommendation 7)

The OTR response to the draft report stated that the draft recommendation was confusing and that additional clarification was needed from OIO.

OIO Comment

OIO revised the recommendation in this report to provide additional clarity. We request that OTR provide us with an appropriate response to this revised recommendation by April 12, 2012.

Management Response (Recommendation 8)

RPTA will update its procedures to include a copy of the parcel record card before the change and after, a copy of the ITS valuation screen and other appropriate documentation to accompany the assessment roll correction. RPTA will provide the necessary staff training prior to the implementation of the revised procedures. This recommendation should be implemented by May 31, 2012.

Management Response (Recommendation 9)

RPTA is currently in compliance with the retention schedule and will continue with all newly acquired documents. This corrective action is ongoing.

OIO Comment

The response does not address the recommended solutions provided in our recommendation. The filing system, at the time of the audit, was not documented. The system as designed did not provide a reasonable assurance that it would remain in compliance with the record retention requirements. The development of written policies and procedures assists in memorializing the system's process and requirements as well as the procedures to be followed. Further documentation of the system assists in the identification of specific responsibilities the levels of authority and responsibility for each individual involved with the system. Finally, written policies and procedures allow the system to be reviewed on an ongoing basis by management and to quickly make only the changes necessary to meet operating conditions.

OIO requests that the DCFO, OTR reconsider his position and provide us with a revised response to the recommendation by April 12, 2012.

Findings and Recommendations

Management Response (Recommendation 10)

RPTA has implemented a policy that requires the appropriate personnel to review and approve or reject the assessment change within three days of receipt. The current operating procedures will be updated to reflect this change. Further, RPTA is reviewing the necessary supervisory approval levels for the assessment roll correction and long ticket forms. When these revised approval levels and procedures have been implemented they will be incorporated into the procedures manual and disseminated to the staff.

The implementation of the revised policies and procedures and the distribution of the revised procedures manual are expected to be complete by June 30, 2012.

OIO Comment

RPTA's response, when fully implemented, will effectively address the recommendation.

Management Response (Recommendation 11)

RPTA did not agree with the portion of the recommendation that the roll correction and long form ticket be combined. RPTA stated that the each form served a unique and distinct purpose. The roll correction form is used to update existing records in CAMA. The long form ticket provides the basis for creating new records in both CAMA and ITS.

However, RPTA did agree with the portion of the recommendation that addressed included signature approvals on the long form tickets. Once the long form ticket modification is complete, RPTA will provide staff training to accompany the roll out of the new form. This corrective action is expected to be complete by May 31, 2012.

OIO Comment

OIO concurs with the alternative corrective action as it effectively addresses the recommendation, when fully implemented.

Exhibit A: Summary of the Potential Benefits from Audit

Recommendation Number	Deputy Chief Financial Officer, Tax and Revenue	Chief Information Officer	Potential Benefit	Type of Benefit	Agency Reported Estimated Completion Date	Status ¹⁸
1	X	X	Establish separate user passwords for the super-users that are employed only to correct errors in CAMA and develop a log, provided to RPTA management to track the password use.	Internal Control	May 31, 2012	Open
2	X	X	Develop a transaction trail for all CAMA transactions.	Internal Control	May 1, 2012	Open
3	X	X	Develop reports for CAMA and ITS that detail the number of transactions transmitted, received, successfully processed and rejected.	Internal Control		Unresolved
4	X	X	Develop reconciliation procedures for both RPTA and TSG to use in the reconciliation of CAMA and ITS data.	Internal Control	May 1, 2012	Open
5	X	X	Determine the necessity for the super-user profile to automatically default to approval status for all entries.	Internal Control	May 31, 2012	Open
6 a	X		Mandate the Director, RPTA develop policies and procedures for the processing and correction of roll changes in CAMA and corrections by the RPAD staff.	Internal Control	May 31, 2012	Open
b	X		Mandate the Director, RPTA determine the number of CAMA super-users and the positions that will have the ability to obtain a super-user password.	Internal Control	May 31, 2012	Open
c	X		Direct the Chief Assessor develop policies and procedures for correcting CAMA entries.	Internal Control	May 31, 2012	Open

¹⁸ This column provides the status of the recommendation as of the report date. For final reports “Open” means management and OIO are in agreement on the action to be taken, but the action is not complete. “Closed” means that management advised OIO that they took the action needed to correct the condition and that action is complete. If a completion date was not provided the date of management’s response was used. “Unresolved” means that management has neither agreed to the recommended action nor proposed a satisfactory alternative action to correct the condition.

Exhibit A: Summary of the Potential Benefits from Audit

Recommendation Number	Deputy Chief Financial Officer, Tax and Revenue	Chief Information Officer	Potential Benefit	Type of Benefit	Agency Reported Estimated Completion Date	Status
7	X		Develop a system of periodic reviews of the assessment roll changes and corrections and supporting documentation by OTR staff that is external to RPTA and RPAD. The results of these reviews should be documented and corrective action taken when necessary.	Internal Control		Unresolved
8	X		Direct that the Director, RPTA develop and implement an effective process for the documentation of the assessment roll changes inclusive of system and manually generated documents. The procedures and related policies and procedures should be reduced to writing and provided to RPAD staff.	Internal Control	May 31, 2012	Open
9	X		Direct the Director, RPTA develop and document retention and filing procedures for all assessment related documents including document retention schedules and locations where the documents are to be secured. The policies and procedures should address the current filing and retention practices that do not meet the newly developed standards.	Internal Control		Unresolved
10	X		Direct the Director, RPTA review the current approval process for assessment roll changes and corrections. Develop an approval process that assures the appropriate levels of review for all assessment roll changes and corrections.	Internal Control	June 30, 2012	Open
11	X		Direct the Director, RPTA to combine the Form and the Long Ticket into a single form that can be adapted for PC based data entry.	Internal Control	May 31, 2012	Open

Exhibit B: Office of Tax and Revenue Response

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE CHIEF FINANCIAL OFFICER
OFFICE OF TAX AND REVENUE



Stephen M. Cordi
Deputy Chief Financial Officer

MEMORANDUM

TO: William J. DiVello, Executive Director
Office of Integrity and Oversight

David Shive, Acting Chief Information Officer
Office of the Chief Information Officer

FROM: Stephen M. Cordi, Deputy Chief Financial Officer
Office of Tax and Revenue

DATE: March 1, 2012

SUBJECT: Draft Report: Audit of the Office of Tax and Revenue Real Property Tax Administration's Assessment Roll Correction Process and Related Refunds
(Report Number: OIO-11-1-23-OTR)

The Office of Tax and Revenue (OTR) responds to the Office of Integrity and Oversight (OIO) Findings and Recommendations are as follows:

- 1. Establish separate user passwords for the super-users that are employed only when necessary to correct errors in Computer Assisted Mass Appraisal (CAMA), and develop a log, that is provided to Real Property Tax Administration (RPTA) management to track the use of the super-user passwords and the transactions or edits performed with the password.**

There is no separate password for CAMA; when users log into Integrated Tax System (ITS) they also log into Vision. Therefore; a separate password cannot be established. Super-users can be identified by their security level rights within CAMA. The CAMA Manager will provide a monthly super-user report to the Chief Appraiser for review. **This change will be implemented 60 days.**

- 2. Develop a process that provides a transaction (audit) trail for all CAMA transactions.**

The CAMA system already has an audit function available to perform this task. The Real Property Tax Administration (RPTA) will revise its procedures to clarify that any corrections to an erroneous assessment change line require that a subsequent assessment change line be added. Corrections to

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an erroneous assessment change line should not be entered directly on the erroneous assessment change line. RPTA expects this will render the chain of events more transparent and easier to understand. **This change will be implemented within 30 days.**

3. Develop a process that provides a transaction (audit) trail for all CAMA transactions.

The CAMA system already has an audit function available to perform this task. The Real Property Tax Administration (RPTA) will revise its procedures to clarify that any corrections to an erroneous assessment change line require that a subsequent assessment change line be added. Corrections to an erroneous assessment change line should not be entered directly on the erroneous assessment change line. RPTA expects this will render the chain of events more transparent and easier to understand. **This change will be implemented within 30 days.**

4. Develop reports for CAMA and ITS that provide detail on the number of transactions sent to ITS, successfully processed transactions, and rejected transactions. The CAMA and ITS reports should include both individual transaction detail and total number and dollar value of the transactions.

There is already a pre-established interface between CAMA and ITS along with a user notification (via e-mail) kick out transaction report (excel file). RPTA will also request TSG to notify users via e-mail whether or not the interface ran and implement an automated roll correction form/database that will allow an employee to systematically compare ITS, CAMA and the Roll Correction database for discrepancies. **This change will be implemented within 60 days.**

5. Develop policies and procedures that are employed by RPTA and TSG to reconcile the CAMA and ITS balances on a periodic basis. The policies and procedures should include the retention requirements for the reports and spreadsheet that document the reconciliation of the systems and the resolution of any reconciling items.

RPTA periodically reconciles the CAMA balances against the ITS balances. RPTA will develop procedures to formalize and document reconciliations that will be performed monthly, and will develop a records retention policy for the supporting documentation. Part of this monthly review will incorporate a check to detect and guard against "unbalanced" transactions occurring (where land + building not equal to total.) **This change will be implemented within 30 days.**

6. Determine the necessity of allowing the super-user profile to automatically default to the approval status for all entries. Based on the necessity for this type of default, restrict the super-users from approving transactions that they have initiated to assure distinct separation of duties and transaction integrity.

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The Real Property Assessment Division (RPAD) recently modified its procedures and processes to ensure better separation of duties pertaining to the approval of assessment changes made by not only the super users but the entire staff. These new procedures include an additional level of approval to ensure that no one person can modify a record and then act as the approver of the change. The staff will be trained on this new process in an upcoming comprehensive training program for this and other issues. **This change will be implemented within 60 days.**

7. **Determine the necessity of allowing the super-user profile to automatically default to the approval status for all entries. Based on the necessity for this type of default, restrict the super-users from approving transactions that they have initiated to assure distinct separation of duties and transaction integrity.**

The Real Property Assessment Division (RPAD) recently modified its procedures and processes to ensure better separation of duties pertaining to the approval of assessment changes made by not only the super users but the entire staff. These new procedures include an additional level of approval to ensure that no one person can modify a record and then act as the approver of the change. The staff will be trained on this new process in an upcoming comprehensive training program for this and other issues. **This change will be implemented within 60 days.**

8. **The DCFO/OTR should take the following actions:**
 - a. **Mandate that the Director, RPTA develop policies and procedure for processing and correction of all roll changes in CAMA by all staff.**
 - b. **Mandate that the Director, RPTA and the Chief Assessor determine the number of CAMA super-users and the positions that will have the ability to have super-user passwords. Additionally, mandate the Director, RPTA and the Chief Assessor develop documentation requirements for each use of the super-user password.**
 - c. **Direct that the Chief Assessor develop documentation policies and procedures for correcting CAMA entries (both those that do not generate a transaction trail and out of balance entries), and entries initiated by the super-user.**
- **RPAD has an established set of procedures for the bulk of the activities performed by the division. As a result of this audit and the ensuing changes, existing procedures will be modified where necessary and new procedures developed as necessary.**
- **We have determined the number of super-users in CAMA already and we have set up documentation requirements that are reviewed by the Director on a quarterly basis and will also be reviewed by the Chief Assessor hence forth.**
- **The Chief will be developing procedures to formalize and document these reconciliations. We also periodically reconcile the CAMA balances against the ITS balances on a monthly basis. These changes will be implemented within 60 days.**

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9. **The DCF/OTR should develop a system for the periodic reviews of the assessment roll changes and supporting documentation. This review should be conducted by OTR staff that is external to RPTA and RPAD, specifically. The results of this review should be documented and corrective actions taken when necessary. The results of these periodic reviews should be reported to RPTA and other responsible OTR staff.**

This finding is confusing. OTR requires clarification.

The DCFO/OTR should direct that the Director, RPTA take the following actions:

10. **Develop and implement an effective process for the documentation of the assessment roll changes inclusive of system and manually generated documents. The procedures and documentation requirements should be reduced to writing and provided, with any related training, to all RPAD staff.**

Procedures will be updated to include a copy of the parcel record card before the change and after, a copy of the ITS valuation screen and when necessary, any other appropriate documentation should always accompany the roll correction. RPTA will also provide training regarding the updated procedures. **This change will be implemented within 60 days.**

11. **Develop document retention and filing procedures for all assessment related papers including document retention schedules and locations where documents are to be secured, in accordance with applicable laws and regulations. These policies and procedures should address how archived document files that do not meet the current policies will be addressed. The resulting policies and procedures should be provided to all RPTA staff.**

RPTA is currently in compliance with the retention schedule and will continue with all newly acquired documents. **This is ongoing.**

12. **Review the current approval process for assessment roll changes and the timelines for reviewing, rejecting or approving documents. Develop an approval process that assures that all assessment roll corrections have been reviewed and approved by appropriate levels of management. Document the approval process and provide the revised process to all RPTA staff.**

RPTA has implemented a policy that requires the appropriate personnel to review and approve/reject within 3 days of receipt. The procedures will be updated/modified to reflect this change.

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RPAD is reviewing/revising the approval levels for both the roll correction form and the long-ticket form. Once finalized, the new schedule and approval structure will be incorporated in the procedure manual and disseminated to the staff. **This will be implemented between 60 and 90 days.**

- 13. Combine the form and the long -ticket into a single form that can be adapted for entry via computer. Either the revised form, or the current version of the Long Ticket, should be modified to require that assessment roll changes be approved in the same manner as the changes using the form.**

The roll correction and long-ticket should not be combined as they serve two (2) separate purposes. The purpose of the roll correction is to modify/update existing records already on the roll and the long-ticket adds/creates new records to the roll. Although RPTA does not believe the two (2) should be combined, RPTA will update/modify the long-ticket to include signature approvals. Upon completion of the revisions, procedure and training will accompany the rollout. **This will be implemented within 60 days.**

cc: Robert Farr, Director, Real Property Tax Administration, OTR
Tony George, Chief Appraiser, RPTA