



CITY OF RICHMOND  
CITY AUDITOR

**DATE:** June 29, 2018

**TO:** Selena Cuffee-Glenn  
Chief Administrative Officer

**FROM:** Louis Lassiter  
City Auditor

**SUBJECT:** Department of Finance / Revenue Administration –  
Vehicle Personal Property Unit Audit

The City Auditor's Office has completed the Vehicle Personal Property Unit audit and the final report is attached.

We would like to thank the staff in Finance for their cooperation and assistance during this audit.

Attachment

cc: The Richmond Audit Committee  
The Richmond City Council  
Ms. Lenora Reid, DCAO, Finance & Administration  
Mr. John Wack, Director of Finance

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2018-12

# Vehicle Personal Property Unit

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City of Richmond, VA

City Auditor's Office

June 29, 2018



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## Highlights

*Audit Report to the Audit Committee,  
City Council, and Administration*

### **Why We Did This Audit**

The Office of the City Auditor conducted this audit as part of the FY18 audit plan approved by the Audit Committee. Our objective was to evaluate the efficiency and effectiveness of the Unit.

### **What We Recommend**

The Director of Finance needs to:

- Ensure the revenue system assesses personal property based on the identified valuation method (rounding) as outlined in the City Code.
- Ensure that the setup and application of the revenue system reflects the City Code and Code of Virginia regarding proration of taxes (15<sup>th</sup> of the month).
- Ensure compliance with the City Code and Code of Virginia in regards to proration of vehicle license fees.

Other recommendations included:

- Standardize a process to document and address complaints submitted related to Personal Property taxes.
- Implement a process to periodically analyze the vehicle data to identify and correct vehicle classification errors.
- Develop and implement a standard process for identifying, researching, logging, and taking corrective action on returned mail received by the City.

## **Vehicle Personal Property Unit**

### **Background**

Revenue Administration is a Division within the Finance Department. The Division is responsible for the assessment, collection, enforcement, and auditing of personal and professional City taxes. This audit covered the Vehicle Personal Property Unit for the 24 months ended December 2016.

### **Commendation**

Overall, we concluded that timely supplemental billings were in place to effectively bill property moving in and out of the City based on when the DMV information was received.

### **Accuracy of Billings**

The Revenue System (MUNIS) rounds to the nearest tenth position. This causes property valuations to be rounded up \$5, which results in minimal changes in the assessed value not to be in alignment with that stated valuation method.

According to City Policy, any property with a liability start date on or before the 15<sup>th</sup> of the month, must be billed for the entire month. The Department indicated that upon review, although MUNIS is set up to use the 15<sup>th</sup> of the month as a taxable date, it was not being applied properly. We identified 1,813 and 1,870 VINs in 2015 and 2016, respectively, which were not charged the proper number of months for taxes. *This resulted in undercharged personal property taxes of \$46,017 in 2015 and \$53,351 in 2016.*

### **Proration of License Fees**

The City Code states that vehicles garaged or parked within the City prior to June 30<sup>th</sup> must be billed the full license fee and those after June 30<sup>th</sup>, must be billed half of the license fee. The Department indicated that they do not charge a full license fee if the property moves out of the City prior to June 30<sup>th</sup>, which is contrary to the City Code. The total calculated loss of revenue related to the proration of license fees was \$502,231 for calendar years 2015 and 2016. The Department indicated that license fees have always been prorated. The auditors did not quantify the estimated loss of revenue to the City beyond the scope of the audit.

Testing of vehicles added after June 30<sup>th</sup> also showed billing errors resulting in net lost revenue of \$6,024 for 2015 and \$6,940 for 2016.

### **Other Observations**

*Jurisdiction testing* - Due to garage locations on DMV records, the City is sometimes billing for properties with shared zip codes outside of the City as well as sending some of these bills to the collection agencies. City resources are used handing these billings/collections, which can cause personal property tax receivable balances that may not be collected or due to the City.

*Returned Mail* - the Department does not have a standard process in place for processing returned mail or documenting complaints related to Personal Property taxes.

Management concurred with 6 of 6 recommendations. We appreciate the cooperation received from management and staff while conducting this audit.

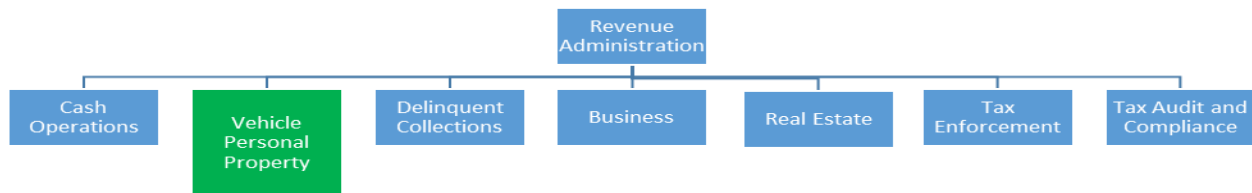


# BACKGROUND, OBJECTIVES, SCOPE, METHODOLOGY, MANAGEMENT RESPONSIBILITY and INTERNAL CONTROLS

The audit was conducted in accordance with the Generally Accepted Government Auditing Standards promulgated by the Comptroller General of the United States. Those Standards require that the auditors plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for their findings and conclusions based on the audit objectives. The auditors believe that the evidence obtained provides a reasonable basis for their findings and conclusions based on the audit objectives.

## BACKGROUND

Revenue Administration is a Division within the Finance Department. The Division is responsible for the assessment, collection, enforcement, and auditing personal and professional City taxes. As depicted below, the Division is comprised of seven Units. This audit focused on the Vehicle Personal Property Unit.



Source: Auditor Prepared

## Vehicle Personal Property Unit (The Unit)

The Unit is responsible for assessing and taxing motor vehicles, applying tax relief, charging license fees, applying interest and penalties, and responding to customer inquiries.

During calendar year 2016, the staff composition was as follows:



Source: Auditor Prepared

During calendar year 2015, the staff structure was similar to 2016. The budget for the Vehicle Personal Property Business Unit and Tax Enforcement was approximately \$1,000,000 for each year as depicted below:

Fiscal Year	Budget Amount
2015	\$1,147,887
2016	\$1,077,447
2017	\$ 969,044

Source: FY15-FY17 Budget

#### Individual Personal Property Assessment Process

The Unit is responsible for assessing and taxing individual personal property as identified by the Code of Virginia and Richmond City Code. The Unit obtains information from the Department of Motor Vehicles (DMV) and the Department of Games and Inland Fisheries (DGIF) to identify any property that has moved in or out of the City. This allows the City to tax property that is garaged or parked within the City limits as of the date of the annual personal property bills. The annual bills are prepared for the calendar year and are due June 5th of each year.

After the annual billing, the Unit processes supplemental bills each month. The Unit indicated that they process between 3,000 and 6,000 bills for supplemental bill runs. The bills are printed by an external vendor once a month subsequent to the annual billing. The Unit also receives a true-up data file twice a year from DMV to be compared against the MUNIS database to determine that information has been properly updated. The personal property billings are prorated based on the move in or move out date within the DMV data. If the property is in the City for more than half a month, it is charged for a full month of billing. Taxes for any property moving into the City subsequent to the annual billing are due within 60 days of obtaining situs within the City.

#### Assessed Value

The Unit uses three different methods to assess the value of property garaged in the City. The three methods are shown below.

- National Automobile Dealer Association (NADA) – used for vehicles up to 18 years old.
- Cost (vehicles in which a NADA value cannot be obtained, boats, tractors, trailers, motorcycles, and mobile homes) – the purchase price and depreciation is used to calculate the assessment value.

- Significantly Older Vehicles – the last known NADA value is reduced by \$100 each year until its value reaches a minimum value of \$100.

During 2015 and 2016, heavy trucks (10,000 lbs. or more) were assessed using the cost valuation and NADA, respectively.

### Tax Rates

The tax rate for personal property is determined by the type of property as outlined below:

Property Type	Tax Rate
Passenger vehicles, boats, motorcycles, and trucks (less than 10,000 lbs.)	\$3.70 per \$100 Assessed Value
Trucks, for hire or apportioned (10,000 lbs. or more)	\$2.30 per \$100 Assessed Value

### Personal Property Tax Relief Act (PPTRA)

The PPTRA was passed by the Virginia General Assembly in 1998 and amended in 2005. It provides relief to owners of vehicles used for personal use. Each year, the City Council approves the rate of relief for eligible vehicles. Passenger cars, motorcycles, and pickup or panel trucks<sup>1</sup> that are used for non-business purposes and meet the criteria below are eligible for the exemption:

- Privately owned
- Leased vehicle in which the lessee pays the tangible personal property tax
- Held in a private trust

Vehicles with assessed values of \$1,000 or less receive the full tax exemption. Vehicles with assessed values between \$1,001 and \$20,000 receive a partial tax exemption at the rates approved by City Council. The tax relief rates approved by City Council for calendar years 2015 and 2016 were 58% and 56%, respectively.

### Vehicle License Fees

Vehicles within the City regardless of business or personal use are subject to a license fee. Effective July 1, 2016, the City changed the license fees for passenger vehicles in order to align with the rates in the Code of Virginia. License fees for the two different periods within the audit scope are shown below:

<sup>1</sup> Vehicles with a gross weight less than 7,501 pounds (Jan 2015-June 2016) and 10,001 pounds (effective July 2016) qualified for exemption. The gross weight threshold was increased by the State.

Vehicle Type	Prior to July 1, 2016	Subsequent to July 1, 2016
Motorcycle	\$15	\$18
Passenger <= 4,000 lbs.	\$23	\$33
Passenger > 4,000 lbs.	\$28	\$38

The license fee charged for heavy trucks is based on a rate rather than a flat fee. The City Code outlines a rate per 1,000 pounds of gross vehicle weight or major fraction thereof.

### **MUNIS System**

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The Revenue Administration Division uses a software system called MUNIS. MUNIS is used to document all taxes, fines, and fees levied by the City. MUNIS can generate reports, track customer payments and tax history, and many other features related to assessing and enforcing taxes and fees due to the City.

### **OBJECTIVES**

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The objectives of this audit were to evaluate the efficiency and effectiveness of the Vehicle Personal Property Unit. Additional objectives were as follows:

- Verify that individual personal properties are properly assessed, accurately taxed, and timely billed.
- Evaluate whether a proper process exists to evaluate and monitor the Unit's performance.

### **SCOPE**

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The activities of the Vehicle Personal Property Unit were reviewed for the 24 months ended December 31, 2016.

### **METHODOLOGY**

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Auditors performed the following procedures to complete this audit:

- Interviewed management and staff;
- Reviewed and evaluated relevant policies and procedures and tested for compliance;
- Conducted a walkthrough of the billing and collection processes;
- Reviewed hard copy files;
- Obtained access to accounts through the MUNIS system; and
- Performed other tests, as deemed necessary.



## **MANAGEMENT RESPONSIBILITY**

City management is responsible for ensuring resources are managed properly and used in compliance with laws and regulations; programs are achieving their objectives; and services are being provided efficiently, effectively, and economically.

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## **INTERNAL CONTROLS**

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According to the Government Auditing Standards, internal control, in the broadest sense, encompasses the agency's plan, policies, procedures, methods, and processes adopted by management to meet its mission, goals, and objectives. Internal control includes the processes for planning, organizing, directing, and controlling program operations. It also includes systems for measuring, reporting, and monitoring program performance. An effective control structure is one that provides reasonable assurance regarding:

- Efficiency and effectiveness of operations;
- Accurate financial reporting; and
- Compliance with laws and regulations.

Based on the audit test work, the auditors concluded that internal controls need improvement. The improvements needed include the observations below, which are discussed throughout the report:

- Integrity of Data in MUNIS,
- Policies and Procedures,
- Accuracy of Billings,
- Complaints, and
- Proration of License Fees.

## **WHAT WORKS WELL**

### ***Timely Supplemental Billings***

The auditors reviewed supplemental billings outside of the annual billing process for timeliness. The City Code indicates that personal property taxes shall be due within 60 days of the property moving into the City. The auditors evaluated the billings from the receipt of the DMV data records to the printing of the bill. The auditors selected a total sample of 127 and 119 VINs in 2015 and 2016, respectively from the DMV data to review that they were sent out timely. From the samples above, 94% in 2015 and 95% in

2016 of the sampled items were billed timely. Overall, the auditors concluded that a process was in place to effectively bill property moving in and out of the City based on when the DMV information was received.

## FINDINGS and RECOMMENDATIONS

### ***Accuracy of Billings***

#### *Assessment of Personal Property*

The auditors selected a sample of 50 bills in 2015 and 46 bills in 2016, respectively to review the accuracy of the personal property assessments. The auditors compared the assessed value in the MUNIS system to the value for that vehicle type to the NADA valuation guides or other applicable valuation method for that tax year. The auditors then recalculated personal property taxes based on the auditors' determined assessed value and compared them to the tax the City charged. The auditors identified that during 2015 and 2016 MUNIS was set up to round to the nearest ten dollars, which can cause property valuations to be rounded up \$5. From the samples selected, 24 properties in 2015 and 22 properties in 2016 were rounded up. Although the tax calculation differences are minimal, the assessed value is not in alignment with that stated valuation method.

#### *Liability Period*

Within the assessed valuation testing above, the auditors identified one sample item that was not billed the correct number of months. The property's valuation date started on the 15<sup>th</sup> of the month. According to City Policy, any property with a liability start date on or before the 15<sup>th</sup> of the month, must be billed for the entire month. City Code and the Code of Virginia outline that taxes are due for a month if the vehicle is within the City for equal to or greater than half the month.

Based on the above observation, the auditors analyzed the personal property in MUNIS that had a liability start or end date on the 15<sup>th</sup> of the month. The auditors identified 1,813 and 1,870 VINs in 2015 and 2016, respectively, which were not charged the proper number of months for taxes. This resulted in undercharged personal property taxes of \$46,017 in 2015 and \$53,351 in 2016. The Department indicated that upon review, although MUNIS is set up to use the 15<sup>th</sup> of the month as a taxable date, it did not apply it properly. It was later determined, that the system is not configured to use the 15<sup>th</sup> as a qualifying start and end date.

Application of PPTRA

The auditors analyzed the data in MUNIS to determine if PPTRA was properly applied to eligible vehicles based on the criteria outlined in the City Code. The data was summarized to show personal use vehicles less than or equal to 7,500 pounds in 2015 and the first half of 2016, and less than or equal to 10,000 pounds in the second half of 2016. The auditors identified 34 vehicles in 2015 and 115 vehicles in 2016 that did not receive PPTRA that should have. The total value related to the unapplied PPTRA was \$7,384 and \$7,032 for 2015 and 2016, respectively. The identified vehicles were under the specified weight restrictions, were identified as personal use, and were taxed by the City.

The auditors also analyzed the data to determine if ineligible vehicles received PPTRA credits on their bills. The data was summarized for vehicles over the weight thresholds outlined above and had a PPTRA credit applied. The auditors identified 162 vehicles in 2015 and 127 vehicles in 2016 that received a PPTRA credit that did not meet the weight criteria. The Department indicated that these vehicles were likely missed during the billing review process.

Complaints

The auditors reviewed complaints filed within the City's Citizen Request System (CRS) for 2015. During 2016, the City did not have a complaints system with reporting capabilities. Therefore, the complaints could not be reviewed for 2016. The Unit did not have another method of tracking complaints. For the complaints submitted in 2015, the auditors reviewed the description of the complaints for taxpayers that indicated they had either moved out or never lived in the City. Based on the review of the complaints the auditors determined the following:

<i>Complaint Description</i>	<i>Sample Size</i>	<i>Properly Billed</i>	<i>Improperly Billed</i>	<i>Could Not Conclude Based on Information Available</i>	<i>Comments</i>
<i>Never Lived in the City</i>	15	1	12	2	Delinquent collections noted for two accounts improperly billed.
<i>Moved Out of the City</i>	10	8	0	2	

***Recommendations:***

- 1. The Director of Finance needs to ensure the revenue system assesses personal property based on the identified valuation method (rounding) as outlined in the City Code.*
- 2. The Director of Finance needs to ensure that the setup and application of the revenue system reflects the City Code and Code of Virginia regarding proration of taxes (15<sup>th</sup> of the month).*
- 3. The Personal Property Revenue Manager needs to standardize a process to document and address complaints submitted related to Personal Property taxes.*

***License Fees***

The auditors analyzed the vehicles in MUNIS by gross weight and vehicle classification to validate compliance with the City Code and Code of Virginia for the charging of license fees. The auditors tested for compliance on the below:

- Validate that license fees were prorated properly;
- Validate vehicles that did not have a license fee were properly excluded;
- Validate that heavy truck license fees were calculated properly; and
- Validate proper classification and fees were charged.

***Proration of License Fees***

City Code states that vehicles garaged or parked within the City prior to June 30<sup>th</sup> must be billed for the full amount of the license fee. Vehicles entering the City after June 30<sup>th</sup>, must be billed half of the license fee. The Department indicated that they do not charge a full license fee if the property moves out of the City prior to June 30<sup>th</sup>, which is contrary to the City Code. The auditors reached out to the City Attorney's Office for clarification on the City Code, and they indicated it is as it reads. The auditors analyzed the license fees charged for all vehicles to identify those that should have been charged the full license fee and were prorated.

The below chart demonstrates the number of VINs with prorated license fees with a liability end date prior to June 30<sup>th</sup> and the license fee revenue lost by the City due to proration where full license fees should have been charged.

**Richmond City Auditor's Report# 2018-12**

Department of Finance

Revenue Administration – Vehicle Personal Property Unit

June 29, 2018

<u>2015 Proration</u>	<u># VINS</u>	<u>\$ Value Charged</u>	<u>\$ Value City Should have Charged</u>	<u>Loss of Revenue to the City</u>
Vehicles Properly Charged	25	\$597	\$ 597	\$0
Vehicles that should not have been prorated	19,422	\$238,421	\$476,842	\$238,421

<u>2016 Proration</u>	<u># VINS</u>	<u>\$ Value Charged</u>	<u>\$ Value City Should have Charged</u>	<u>Loss of Revenue to the City</u>
Vehicles Properly Charged	21	\$514	\$514	\$0
Vehicles that should not have been prorated	21,232	\$263,811	\$527,621	\$263,810

The total calculated loss of revenue related to the proration of license fees was **\$502,231** for calendar years 2015 and 2016. The Department indicated that license fees have always been prorated. The auditors did not quantify the estimated loss of revenue to the City beyond the scope of the audit.

The auditors also reviewed license fees with a liability end date subsequent to June 30<sup>th</sup> to validate that they were properly charged. A review of the license fees in 2015 and 2016 identified the following:

<u>2015 Proration</u>	<u># VINS</u>	<u>\$ Value Charged</u>	<u>\$ Value City Should have Charged</u>	<u>Loss of Revenue to the City</u>
Vehicle Properly Charged	151,056	\$3,811,297	\$3,811,297	\$0
Vehicles Properly Prorated	23,122	\$ 287,213	\$ 287,213	\$0
Vehicles that should not have been prorated	577	\$ 6,932	\$ 13,864	\$6,932
Vehicles that should have been prorated	70	\$ 1,817	\$ 909	(\$ 908)
Total				\$6,024

<u>2016 Proration</u>	<u># VINS</u>	<u>\$ Value Charged</u>	<u>\$ Value City Should have Charged</u>	<u>Loss of Revenue to the City</u>
Vehicle Properly Charged	157,690	\$3,989,656	\$3,989,656	\$0
Vehicles Properly Prorated	22,680	\$ 389,820	\$ 389,820	\$0
Vehicles that should not have been prorated	598	\$ 7,394	\$ 14,789	\$7,395
Vehicles that should have been prorated	32	\$ 910	\$ 455	(\$ 455)
Total				\$6,940

*Blank Fees*

The Code of Virginia has limitations on vehicles that can be charged a license fee. Some of the vehicles that are not charged license fees are:

- Vehicles for rent or hire;
- Vehicles at the dealer for resale;
- Vehicle is inoperable or unlicensed;
- Vehicle is an antique vehicle; and
- Disabled Veterans.

The auditors identified a total of 739 VINs with blank or zero fees in 2016 and 522 in 2015. The auditors were unable to determine why a license fee was not charged on 52 VINs in 2016 and 54 VINs in 2015. Upon inquiry with the Department, they indicated that license fees were not charged due to import errors, manual errors, disabled veterans, inactive license plates, or system settings. The Department did not provide detailed responses to quantify those that were errors.

*Heavy Trucks*

Heavy truck license fees are calculated based on a rate per pound rather than a flat fee. The rates in the City Code start at 10,000 pounds and stop at 35,000 pounds. The auditors recalculated the license fees for heavy trucks based on the rates in the City Code and the vehicle weights in MUNIS. Based on this calculation the auditors determined that 93% in 2015 and 92% in 2016 of Heavy Truck license fees were calculated accurately. The remaining heavy trucks that were not calculated properly were either improperly prorated or should not have been classified as heavy trucks.

*Classification*

The auditors classified the vehicles into groups, less than and equal to 4,000 pounds and those greater than 4,000 pounds. The auditors also identified the vehicles that were charged the higher rate of license fees and then selected a sample to review for accuracy. The auditors sampled 20 vehicles from each year and concluded that all were improperly charged the higher license fee. In all sampled items, the classification code of the vehicle was incorrect, causing the vehicles to be charged the higher license fee. The auditors identified a total of 2,699 vehicles in 2015 and 2,386 vehicles in 2016 that were less than 4,000 pounds but were charged the higher weight class license fee.

**Jurisdiction Testing**

The City Auditor's Office completed a report on the Revenue Administration Division in 2012. That report identified that vehicles that were outside of the City's jurisdiction were in the MUNIS system and were billed inappropriately. In 2011, a process was implemented by the Unit to identify vehicles that are flagged as a Richmond jurisdiction by DMV, yet have a dwelling address in other surrounding localities. This process creates a separate file for manual review of the properties with dwelling addresses outside of the City prior to billing. The Unit researches the vehicle and property to determine if it should be billed. The Department indicated that they also reach out to the other localities to determine if they are billing for the vehicle, however documentation to support this is not maintained. If the other localities do not bill the property, regardless of identified address, the City bills the property since it was flagged by DMV as a Richmond jurisdiction.

The auditors identified properties within MUNIS that had a zip code that was shared with other localities as well as zip codes that were solely outside of the City's jurisdiction. The auditors selected a sample for 2015 and 2016 for both of the zip code criteria to evaluate if the vehicles were in the City's jurisdiction based on the dwelling address. The chart below depicts the testing for both shared and non-shared zip codes

		<b>Shared Zip Code Testing</b>	<b>% Accuracy</b>	<b>Other Locality Testing</b>	<b>% Accuracy</b>
<b>2015</b>	<b>Sample Size</b>	<b>30</b>		<b>73</b>	
<b>2015</b>	<b>Not in Compliance</b>	1	3%	65	89%
<b>2015</b>	<b>In Compliance</b>	29	97%	6	8%
<b>2015</b>	<b>Could Not Conclude</b>			2	3%
<b>2016</b>	<b>Sample Size</b>	<b>30</b>		<b>70</b>	
<b>2016</b>	<b>Not in Compliance</b>	2	7%	58	83%
<b>2016</b>	<b>In Compliance</b>	28	93%	10	14%
<b>2016</b>	<b>Could Not Conclude</b>			2	3%

Overall, the testing demonstrated that the City is billing for properties outside of the City as well as sending some of the taxpayers to collections. City resources are not only used to identify properties outside of the City, but also in efforts related to collection activities. The billing of properties outside of the City will demonstrate a large personal property tax receivable balance that may not be collected or due to the City.

***Recommendations:***

- 4. The Director of Finance needs to ensure compliance with the City Code and Code of Virginia in regards to proration of vehicle license fees.***
- 5. The Personal Property Revenue Manager needs to implement a process to periodically analyze the vehicle data to identify and correct vehicle classification errors.***

**Other Observations**

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***Returned Mail***

The City receives returned mail for addresses that are no longer valid. Returned bills are set aside by the Department and it was unclear which unit was responsible for reviewing the returned mail during the audit scope. The Department indicated that a remittance process was established to scan the returned mail and create a file that would allow the bill to be flagged in MUNIS. These files were at one time loaded in MUNIS. The Department indicated that this was not done beyond 2015. The Unit indicated that recently (2017) temporary staff was hired to review and research the returned mail.

During the audit scope, the auditors identified 10 tubs of returned mail waiting to be reviewed by the various Revenue groups. The returned mail was processed in different ways during both years of the audit scope. As noted above, previously the bills with returned mail received by the City were flagged in the system, however this process has not been done since 2015. Overall, the Department did not have a standard consistent process in place for processing returned mail.

***Recommendation:***

- 6. The Commissioner of Revenue Operations Manager needs to develop and implement a standard process for identifying, researching, logging, and taking corrective action on returned mail received by the City.***



**APPENDIX A: MANAGEMENT RESPONSE FORM**  
**2018-12 Vehicle Personal Property Unit**

#	RECOMMENDATION	CONCUR Y/N	ACTION STEPS
1	The Director of Finance needs to ensure the revenue system assesses personal property based on the identified valuation method (rounding) as outlined in the City Code.	Y	The rounding of "identified valuation method" was corrected in November 2017, and was in effect for the 2018 personal property billings. Staff will ensure consistency with City Code moving forward.
	<b>TITLE OF RESPONSIBLE PERSON</b>		<b>TARGET DATE</b>
	Director of Finance		November 30, 2017
	<b>IF IN PROGRESS, EXPLAIN ANY DELAYS</b>		<b>IF IMPLEMENTED, DETAILS OF IMPLEMENTATION</b>
#	RECOMMENDATION	CONCUR Y/N	ACTION STEPS
2	The Director of Finance needs to ensure that the setup and application of the revenue system reflects the City Code and Code of Virginia regarding proration of taxes (15th of the month).	Y	As currently configured, MUNIS is unable to correctly prorate taxes if the move date is the 15th. This concern will be considered during future upgrades of MUNIS, if not with the planned replacement in FY2020.
	<b>TITLE OF RESPONSIBLE PERSON</b>		<b>TARGET DATE</b>
	Director of Finance		June 30, 2020
	<b>IF IN PROGRESS, EXPLAIN ANY DELAYS</b>		<b>IF IMPLEMENTED, DETAILS OF IMPLEMENTATION</b>
#	RECOMMENDATION	CONCUR Y/N	ACTION STEPS
3	The Personal Property Revenue Manager needs to standardize a process to document and address complaints submitted related to Personal Property taxes.	Y	The City's Citizen Request System that was in use during the audited 2015 and 2016 time period was replaced with the RVA311 service request system in June 2018. In concert with the new customer service tracking system, staff will also standardize processes in addressing complaints related to vehicle personal property taxes.
	<b>TITLE OF RESPONSIBLE PERSON</b>		<b>TARGET DATE</b>
	Revenue Manager for Vehicle Personal Property		October 31, 2018
	<b>IF IN PROGRESS, EXPLAIN ANY DELAYS</b>		<b>IF IMPLEMENTED, DETAILS OF IMPLEMENTATION</b>
#	RECOMMENDATION	CONCUR Y/N	ACTION STEPS
4	The Director of Finance needs to ensure compliance with the City Code and Code of Virginia in regards to proration of vehicle license fees.	Y	During this review it was discovered that when vehicle owners moved into the City from a non-prorating locality, but the vehicle was sold prior to tax liability date, the system billed for the entire year because the liability end date was before the liability start date. This has been corrected through a review report for "Liability Start date greater than Liability End date", which has been added to enhance the review process for supplemental billings.
	<b>TITLE OF RESPONSIBLE PERSON</b>		<b>TARGET DATE</b>
	Revenue Manager for Vehicle Personal Property		May 31, 2018
	<b>IF IN PROGRESS, EXPLAIN ANY DELAYS</b>		<b>IF IMPLEMENTED, DETAILS OF IMPLEMENTATION</b>

**APPENDIX A: MANAGEMENT RESPONSE FORM**

**2018-12 Vehicle Personal Property Unit**

#	RECOMMENDATION	CONCUR Y/N	ACTION STEPS
5	The Personal Property Revenue Manager needs to implement a process to periodically analyze the vehicle data to identify and correct vehicle classification errors.	Y	A process has been implemented to periodically analyze data, and the import rules have been reviewed and are consistent with City Code and the Code of Virginia. Vehicle class information is reviewed during the supplemental billing process as vehicles are imported into MUNIS to correct any errors that may occur.
	<b>TITLE OF RESPONSIBLE PERSON</b>		<b>TARGET DATE</b>
	Revenue Manager for Vehicle Personal Property		May 31, 2018
	<b>IF IN PROGRESS, EXPLAIN ANY DELAYS</b>		<b>IF IMPLEMENTED, DETAILS OF IMPLEMENTATION</b>
#	RECOMMENDATION	CONCUR Y/N	ACTION STEPS
6	The Commissioner of Revenue Operations Manager needs to develop and implement a standard process for identifying, researching, logging, and taking corrective action on returned mail received by the City.	Y	A process is now in place and was in effect for the 2018 return mail process, as follows: 1. Returned mail – initially resent using DMV addresses (because originals were mailed using the National Change of Address system). 2. Notes are made in MUNIS “Text” noting second mailing and date. 3. Mail is scanned with no forwarding address (the address is the same as DMV). 4. Special Condition Code is noted in MUNIS (for no forwarding address). 5. Remaining file is forwarded to delinquent collections unit.
	<b>TITLE OF RESPONSIBLE PERSON</b>		<b>TARGET DATE</b>
	Revenue Manager for Vehicle Personal Property		May 31, 2018
	<b>IF IN PROGRESS, EXPLAIN ANY DELAYS</b>		<b>IF IMPLEMENTED, DETAILS OF IMPLEMENTATION</b>