



# Richmond City Council

*The Voice of the People.*

*Richmond, Virginia*

## OFFICE OF THE CITY AUDITOR

REPORT # 2012-08

AUDIT

Of the

**Department of Finance—Revenue Administration**

April 2012

## OFFICIAL GOVERNMENT REPORT

*Richmond City Council*

### **OFFICE OF THE CITY AUDITOR**

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*Committed to increasing government efficiency, effectiveness,  
and accountability on behalf of the Citizens of Richmond.*

# TABLE OF CONTENTS

<b>Executive Summary</b> .....	i
<b>Comprehensive List of Recommendations</b> .....	iv
<b>Introduction</b> .....	1
<b>Background</b> .....	2
<b>Leadership</b> .....	6
<b>Impact on Revenues</b> .....	8
<b>Internal Controls</b> .....	28
<b>Customer Service</b> .....	34
<b>Management Responses</b> .....	Appendix A



# Richmond City Council

The Voice of the People

Richmond, Virginia

## Office of the City Auditor

### Executive Summary

The City Auditor's Office has completed a performance audit of select functions in the Revenue Administration Division within the Finance Department. The audit focused on the assessment, collection, enforcement and auditing of:

- Individual and business personal property taxes
- Business Professional and Occupational Licenses (BPOL)

#### ***Overall Conclusion***

The Revenue Administration Division needs improvements to effectively and efficiently carry out its fiduciary responsibilities and maximize revenue collections. Current deficiencies are potentially resulting in a loss of substantial uncollected and un-assessed revenues.

#### ***Salient Findings:***

##### ***Leadership:***

The Finance Department did not have a stable leadership in recent years. During the last five years, the City had five different individuals in either the Director of Finance or Deputy Chief Administrative Officer over Finance positions. This instability and the policy changes accompanied with the turnover have lead to the Department's inability to:

- Establish and communicate clear priorities;
- Verify accountability for decision making and staff productivity; and
- Coordinate work across the Finance Department.

##### ***Tax Enforcement:***

The City Auditor's staff did not find organized documentation that can be used to determine the productivity of this Unit. For management to gauge the success of the function, they need to know

the level of efforts made and revenues collected by the function. In FY 2011, Norfolk collected total delinquent revenues of \$3,163,517 through their tax enforcement activities. This indicates the potential for the large amount of revenue that Richmond can collect by effective tax enforcement.

### ***Tax Audit:***

The City Auditor's staff found inadequate management of the Tax Audit and Compliance Unit that had significantly low productivity and missed opportunities to collect substantial additional revenues as described below:

- Richmond Tax and Compliance Audit Unit's audits resulted in collection of approximately \$25,000 (about \$3,500 per Tax Auditor) in FY 2011. Compared to this, Henrico County's audits resulted in the collection of \$5 million (\$500,000 per Tax Auditor) in additional tax revenues during FY 2011. In 1999, the Richmond Tax Audit Unit's work resulted in the collection of approximately \$4.8 million. The cause for the deterioration of the Richmond's tax auditing performance is not known.
- Richmond's Tax Auditors conducted only 32 audits (five audits per Tax Auditor) compared to 2,500 audits (250 per Tax Auditor) conducted by Henrico's Tax Auditors.
- During FY 2011, each of the seven Tax Auditors spent only 3% of their time on auditing activities. The City Auditor's staff could not verify the Tax Auditors' productivity when they were not conducting audits. The Tax and Compliance Audit Unit was unable to present any evidence if they completed any audits between October 2008 and August 2010.
- The Tax and Compliance Audit Unit provided 0.3% audit coverage over the total 10,000 active businesses in Richmond, which is not adequate to ensure effectiveness. With the inadequate audit coverage, the City stands to lose substantial resources incurred on this Unit and loses the opportunity to collect substantial revenues.

### ***Collections:***

In the past six years, the City has accumulated a balance of approximately \$15 million of uncollected taxes. The Revenue Administration Division needs to improve its efforts to yield better collections. The Collection Unit is not using several tools that the State Code provides. In addition, the Division's effectiveness reduced after 2007 when the City outsourced the collection function and discontinued aggressive collection efforts.

***Tax Assessment:***

There is a significant risk of under-reporting or non-reporting of business personal property tax. The City's passive approach could be costing the City revenue losses. At this time, it is not possible to determine the amount of loss the City could be suffering.

***Customer Service:***

The audit identified several issues where customer service can be improved:

- o The administrative fees on delinquent accounts are charged by many localities. The City could have generated \$1.3 million from this fee in FY 2010. The City started charging this fee in FY2011, however, it was not charged in accordance with statutory provisions.
- o The City overcollected \$83,000 in interest on delinquent accounts.
- o Lack of data integrity in MUNIS information system caused poor customer service and significant inconvenience to the Richmond Citizens.

***Other Issue:***

Due to the inadequate procedures, the City sent billings to several addresses from where the mail was returned. The proper handling of the influx of returned mail would have prevented costs of approximately \$12,000.

The City Auditor's Office appreciates the cooperation of the Chief Administrative Officer and the Interim Finance Director. Please contact me for questions and comments on this report.

Umesh Dalal, CPA, CIA, CIG

City Auditor

***Umesh Dalal***

cc: Mr. Byron C. Marshall

<b>#</b>	<b><i>COMPREHENSIVE LIST OF RECOMMENDATIONS</i></b>	<b><i>PAGE</i></b>
1	Evaluate the reporting structure and make appropriate changes to manage the span of control of the Finance Director.	7
2	Implement proper management practices to ensure efficiency and effectiveness in the Assessment, Collections, Tax and Compliance Audit, and Tax Enforcement Units. Specifically: a. Hold employees accountable by managing their productivity. b. Require Tax Audit, and Tax Enforcement Units to have a documented annual plan for their work. c. Analyze the risk of non-reporting and under-reporting of taxes to focus collection, audit and enforcement efforts to high risk accounts to maximize effectiveness. d. Include this analysis for all tax types.	26
3	Develop appropriate performance measures and monitor performance for all the Units under this audit.	26
4	Employ more aggressive methods to maximize collection.	26
5	Follow-up on all business personal property tax returns that have not been filed.	26
6	Review all filed business personal property tax returns for reasonableness. Update the account information timely within MUNIS.	26
7	Develop, implement and monitor policies and procedures to: a. Place DMV holds timely and consistently. b. Ensure compliance with State Code provisions related to charging the administrative fees for delinquent accounts. c. Address uploading DMV and DGIF uploads within predetermined timeframes.	27
8	Develop, implement and monitor policies and procedures to: a. Ensure the interest rate within MUNIS is in accordance with the approved interest rate annually. b. Update the MUNIS database with DMV downloads on a monthly basis in accordance with the Division's current practices. c. Reflect current timelines and procedures for following-up on delinquent accounts.	33
9	Review and remedy the over collected interest from taxpayers.	33
10	Work with DIT to: a. Develop an application for streamlining the process of importing the DMV files into MUNIS. b. Review the existing and the new data input into MUNIS to ensure the City is only assessing and billing for property that is garaged within City limits.	33
11	Ensure that the supplemental billings are sent to taxpayers timely.	33
12	Work with the City Administration to: a. Conduct an adequacy analysis of the MUNIS system for the Revenue Administration operations and its impact on the operational efficiencies. b. Consider replacing MUNIS in consultation with the City Administration after providing proper justification.	33

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|----|---|----|
| 13 | Define a communication process within the Revenue Administration Division for the collection of the taxes due from audit assessments.   | 33 |
| 14 | Develop, implement and monitor policies and procedures to:<br>a. Remove DMV holds on accounts in accordance with DMV requirements.<br>b. Comply with the timeframe established by the policy for posting payment.<br>c. Establish a timeframe within which a business license must be issued. | 39 |

## *Introduction and Background*

### *Introduction*

The City Auditor’s Office has completed a performance audit of select functions in the Revenue Administration Division within the Finance Department. This audit covers the 12-month period ending June 30, 2011. The objectives of this audit were to:

- Determine the existence and effectiveness of internal controls;
- Evaluate compliance with applicable laws, regulations, City Code and policies and procedures; and
- Evaluate the efficiency and effectiveness of operations.

Auditors conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. 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. Auditors believe that the evidence obtained provides a reasonable basis for their findings and conclusions based on the audit objectives.

### *Methodology*

To complete this audit, the auditor performed the following procedures:

- Interviewed relevant City employees;
- Reviewed pertinent records, policies and regulations;
- Performed various audit tests;
- Benchmarked with other localities; and
- Performed other audit procedures, as deemed necessary.

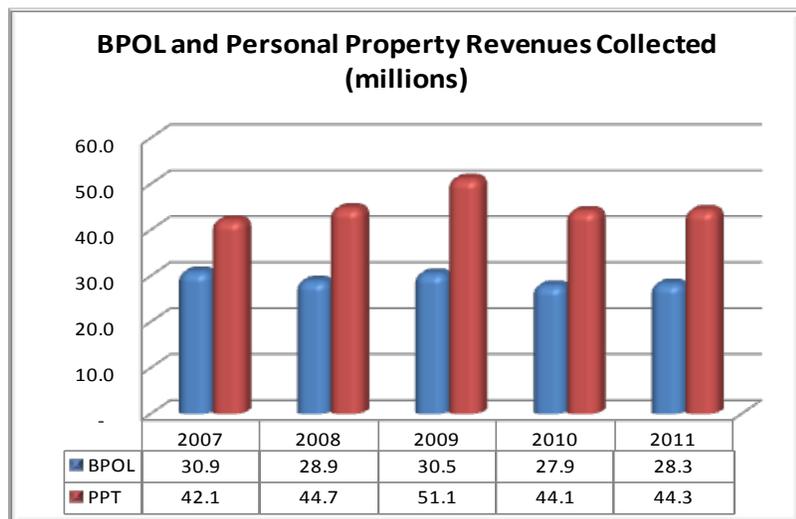
***Background***

The Finance Department is responsible for the financial, risk management, taxation, cash management, and debt management policies and practices of the City. These broad ranges of duties include assessment of taxes and fees, and collection of taxes and other payments.

The audit focused on the assessment, collection, enforcement and auditing of:

- Individual and business personal property taxes
- Business Professional and Occupational Licenses (BPOL)

As of December 20, 2010, the Revenue Administration Division had 56 full time equivalent employees. The fiscal year 2011 adopted budget for the Division was approximately \$4 million. The following graph depicts the amount of revenues collected by the Division:



## *Observations and Recommendations*

### *Overall Conclusion*

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*Operational deficiencies are potentially resulting in a loss of substantial uncollected and un-assessed revenues*

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As illustrated in the summary below, the Revenue Administration Division needs improvements to effectively and efficiently carry out its fiduciary responsibilities and maximize revenue collections. Current deficiencies are potentially resulting in a loss of uncollected and un-assessed revenues. These issues are discussed in detail subsequently in this report.

### *Use of Risk Indicators*

For reading ease, this report uses the following graphical symbols to indicate the gravity of the situation based on its potential positive or negative impact on the City:



Indicates effective and efficient operation



Indicates operation needs improvement



Indicates significant inefficiencies and ineffectiveness

***Tax and Compliance Audit Function:***

 <p><b><i>During the audit period, the City Auditor’s staff observed inadequate tax auditing activities that resulted in lost productivity and missed opportunities to generate a significant amount of revenues.</i></b></p>	<p>The Tax and Compliance Audit function provides tax auditing for all City tax types, excluding real estate taxes. Although the function is responsible for auditing several taxes, it is primarily focused on the Admissions, Lodging and Meals (ALM) taxes. Currently, there are no efforts made to follow-up on non-filing businesses or review business personal property tax returns for reasonableness.</p>
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***Collections Function:***

 <p><b><u>For Tax Audits Performed:</u></b>  <b><i>During the audit period, tax audits resulted in insignificant collection of revenue. The collections increased during the period of July through December 2011 when the City Auditor was conducting this audit.</i></b></p> <p><b><u>For Personal Property Tax:</u></b>  <b><i>Several issues hampered the effectiveness of collection of personal property tax. Collection efforts were inadequate and can be improved.</i></b></p>	<p>The Collections function is responsible for the collection and accounting for all taxes, fees, utility payments and all miscellaneous revenues due to the City. The Unit is also responsible for coordinating the printing and mailing of all delinquent real estate and personal property tax billings twice per year.</p>
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***Tax Enforcement Function:***

 <p><i>Auditors observed limited activity during the audit period. Detailed records were not produced to verify accountability of the function.</i></p>	<p>The Tax Enforcement function is responsible for enforcing the City and State Code provisions related to all tax types.</p>
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***Tax Assessment Function:***

 <p><i>Taxpayers' accounts were not updated timely resulting in overbillings and other billing errors; thereby, inconveniencing the citizens.</i></p>  <p><i>Generally, the Revenue Administration Division complied with laws, regulations, and the City policies with a limited number of exceptions.</i></p>	<p>The Tax Assessment function provides taxpayer assistance and tax billing assessments for all City tax types, excluding real estate taxes. Some of the Unit's duties include:</p> <ul style="list-style-type: none"> <li>• Individual and Business Personal Property Taxes</li> <li>• Tax forms, applications and bills</li> <li>• Maintenance and update of tax records</li> <li>• Adjustments, refunds, and abatements</li> </ul>
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## *Chapter I: Leadership*

### *Lack of Stable Leadership*

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*During the last five years, the City had five different individuals in either the Director of Finance or Deputy Chief Administrative Officer over Finance positions*

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The Department of Finance experienced significant upper management turnover. During the last five years, the Department had five different individuals in either the Director of Finance or Deputy Chief Administrative Officer over Finance positions. This instability and the policy changes accompanied with each turnover have lead to the Department's inability to:

- Establish and communicate clear priorities;
- Verify accountability for decision making and staff productivity; and
- Coordinate work across the Finance Department.

For example, the former Finance Director altered the reporting relationship whereby three managers previously reporting to a Revenue Administrator now report directly to the Finance Director. The former Finance Director had seven other major functions directly reporting to her. This change may have resulted in inadequate focus and attention given to the areas under this audit.

In addition, the Tax and Compliance Audit function did not have good leadership for some time. From October 2008 through August 2010, the Tax and Compliance Audit Unit was under the leadership of the former Chief of Revenue Administration. The group neither had an audit work plan nor performed any audits. Beginning December 2010, a Tax and Compliance Audit Manager was hired to supervise the Tax

and Compliance Audit Unit. This issue is discussed in detail subsequently in this report.

***Recommendation:***

- 1. Evaluate the reporting structure and make appropriate changes to manage the span of control of the Finance Director.***

## *Chapter II: Impact on Revenues*

### *Tax Enforcement Function*

The City had two positions in the Tax Enforcement Unit during FY 2011, one of which retired in December 2010 and the other has been on extended leave since June 2011. The Tax Enforcement Unit is responsible for enforcing City and State Code provisions related to all tax types as mandated by both City and State Code requirements. The enforcement actions taken could be both civil and criminal.

The City Auditor’s staff did not find organized documentation that can be used to determine the productivity of this Unit. For management to gauge the success of the function, they need to know the level of efforts made and revenues collected by the function. Requiring a systematic and regular reporting of the efforts made by this function could help in managing the function and provide an indication of the value contributed. The City of Norfolk produces an annual report, which includes statistics of efforts made and the outcome of the efforts. The relevant information on their tax enforcement function is depicted in the following table:

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*Because of disorganized documentation, it was not possible to determine the Unit’s productivity and total revenues collected resulting from their efforts*

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**City of Richmond Audit Report 2012-08**  
**Department of Finance – Revenue Administration**  
**April 2012**

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<i>Activities</i>	<i>Workload per Officer</i>
Visit/Contacts (including Delinquent Business Licenses and New Business Discovery)	2,178
Telephone Contacts	1,170
Cases Completed	63
New Cases Generated	55
Paid Delinquent Business Licenses	180
Paid Meal Tax	154
Total Investigative Activities	3,800

*Source: Norfolk Commissioner's Annual Report*

The City Auditor's staff benchmarked Richmond's tax enforcement against the City of Norfolk and noted they have five compliance/enforcement officers. In FY 2011, Norfolk collected total delinquent revenues of \$3,163,517.

During the audit period, the City Auditor's staff could not determine the amount of revenue collected or the efforts made by Richmond's Tax Enforcement Unit based on the available documentation.

The Assistant Controller for Collections is responsible for the Tax Enforcement Unit's productivity. The City Auditor's staff did not find consistent reporting related to the Unit's performance. If their performance is evaluated on an ongoing basis, the Unit could produce a substantial amount of revenues.

***Tax and  
Compliance Audit  
Function***

The Tax and Compliance Audit Unit directly reports to the Finance Director. The Tax and Compliance Audit and Tax Enforcement Units operate separately but are expected to work closely together to ensure that businesses are operating legally and are paying the proper amount of taxes due. The Tax and Compliance Audit Unit is required to audit businesses to determine proper payment of all city taxes excluding, real estate taxes. The Tax and Compliance Auditors primarily conduct desk audits that include examining financial/accounting documentation requested from the taxpayers without visiting the businesses being audited.

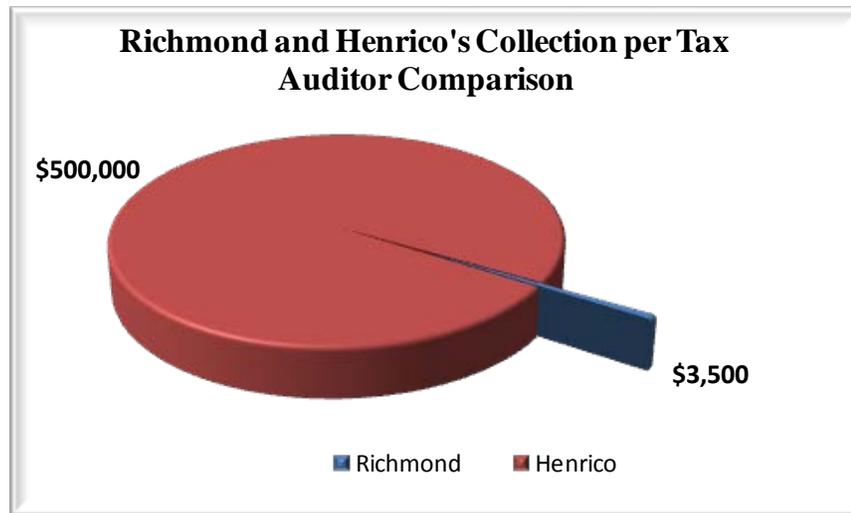
The City Auditor’s staff found inadequate management of this function with significantly low productivity and missed opportunities to generate substantial additional revenues as described below:

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***During the audit  
period, the Unit  
underperformed  
compared to  
Henrico and its own  
past performance***

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The Richmond Tax and Compliance Audit Unit conducted 32 audits (5 audits per auditor) during the audit period, with seven positions that were assigned to the function for the past several years. The performance of this Unit needs improvement. The Revenue Administration Division collected only \$24,598 resulting from tax assessments by seven positions (collection per position of \$3,514) during FY 2011. In comparison, Henrico County conducted 2,500 audits (250 audits per position) and collected \$5,000,000 (collection per position of \$500,000) using 10 positions. The following pie-chart depicts the tax assessment collections compared to the similar efforts in Henrico County:



The Tax and Compliance Audit function underperformed compared to its own performance several years ago. The City Auditor’s staff obtained data related to the Tax and Compliance Audits conducted by the City of Richmond staff from tax year 1994 to tax year 1999, as presented in the following table:

***Richmond had a well functioning Tax and Compliance Audit Unit in the past. The reasons for the deterioration of the Unit’s performance is unknown***

<i>Year</i>	<i>Number of Audits</i>	<i>Revenue</i>
1994	621	\$ 1,334,864
1995	800	\$ 1,605,609
1996	654	\$ 2,731,527
1997	527	\$ 1,679,254
1998	464	\$ 2,561,154
1999	422	\$ 4,750,981

The above information clearly shows that the City of Richmond had a well functioning Tax and Compliance Audit Unit. The table includes both the field audits and desk audits performed by the Unit. Compared

to this, during FY 2011, the Tax Auditors only conducted 32 desk audits, which are less extensive than field audits. The cause of the deterioration of performance of this Unit is not known. During the post audit period, July through December 2011, most of the assessments and collections resulted from only three of the seven positions.

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***The City stands to lose substantial resources incurred on this Unit and loses the opportunity to collect substantial revenues***

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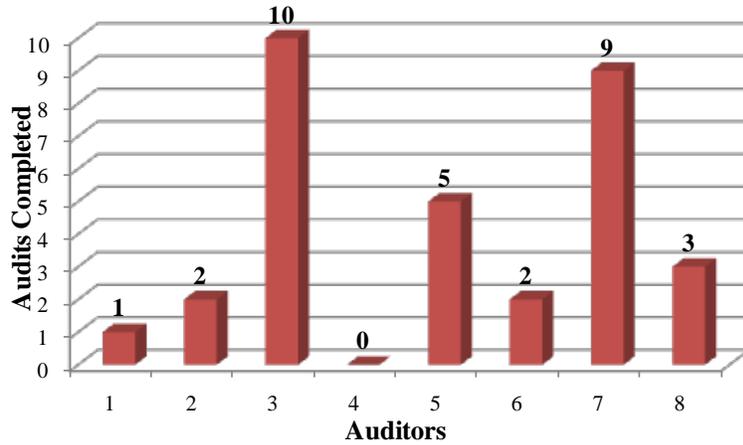
The Tax and Compliance Audit Unit exists to ensure compliance with tax laws and regulations. This is accomplished by assessing additional taxes due to the City that can be collected. However, the City is not receiving the appropriate amount of tax revenue due to under-reporting or non-reporting. If this Unit does not function properly and assessed revenues are not collected, the City stands to lose the opportunity to collect substantial revenues.

***Productivity:***

The Tax and Compliance Audit Unit employs seven auditors that are supervised by a manager who also conducts audits. For two months, a manager in training worked for the Unit and conducted audits. Collectively, these eight auditors completed 32 audits during FY 2011. The following graphs depict limited or no performance by all the Tax Auditors:

*During the audit period, a limited number of Tax Audits were conducted*

**# Audits by Each Auditor in FY 2011**



**Revenues Assessed by Each Auditor (Thousands)**



To put the significance of this observation in perspective, the City Auditor’s staff examined the desk audit process during their review of the audit files. The City Auditor’s staff consulted with two of the Tax Auditors who had a higher productivity to determine the time required to conduct each task needed to complete a typical desk audit during the audit period as follows:

- Verify account details in the City’s system
- Contact taxpayer and request documentation

**City of Richmond Audit Report 2012-08**  
**Department of Finance – Revenue Administration**  
**April 2012**

- Check for compliance based on either taxpayer documentation or State reporting
- If no response is received from the taxpayer, refer the account to collections and enforcement
- Post payment to customer account when received

Subsequent to June 30, 2011, the Tax and Compliance Audit Unit developed a more comprehensive audit program consisting of multiple audit steps.

The two Tax Auditors estimated that the above process on average takes four to six hours. This timeframe is less when the Tax Auditor does not make an assessment on an account. During the audit period, the Tax and Compliance Audit Unit did not make assessments on 12 of the 32 audits completed. The Tax and Compliance Audit Unit conducted one of the 32 audits during the first half of FY2011. The following is an analysis of the Tax Auditors’ productivity during the second half of the year when they were the most productive:

***Only 3% of the Tax Auditor’s time was spent conducting tax audits. The Unit conducted a limited number of audits during FY 2011***

Total productive time available (7 tax auditors x 908 available hours for six months)	6,356
Total time spent on audits (31 x 6 hours)	186
Total time spent on other tasks or unproductive time	6,170
Percentage of time not used for tax auditing or unproductive time	<b>97%</b>

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***The Tax and Compliance Audit Unit's performance improved during the time this audit was in progress***

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***Post Audit Period Performance***

The Tax and Compliance Audit Unit's performance improved during the time this audit was in progress. During July through December 2011, the Unit assessed an additional tax due of \$2,696,847. The City has collected \$626,104 of these assessments. This performance represents marked improvement compared to FY 2011.

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***Both the Tax Audit and Enforcement Units did not have formal annual work plans***

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***Need for a Formal Annual Work Plan***

The Tax and Compliance Audit, and Tax Enforcement Units did not have formal annual work plans. Without a formal work plan, it is not possible to provide the staff appropriate guidance and establish performance expectations. Ideally, these functions must analyze the risk of businesses under-reporting taxes that are due to the City prior to selecting a business for audit or enforcement. This method would focus their efforts to more significant non-compliance and improve functional effectiveness.

***Audit Coverage***

The Tax and Compliance Audit Unit targeted 1,300, ALM accounts from which the City receives about \$30 million annually. Further, the Tax and Compliance Audit Unit focuses on those accounts where appropriate reports have not been filed. This method would exclude a significant number of high-risk accounts that are currently filing reports from further review. Therefore, under-reporting of taxes may not be adequately addressed. However, after July 1, 2011, the Unit began to perform analytical procedures to identify under reporting of the ALM tax.

***The Unit audited 0.3% of total active businesses in Richmond, which needs improvement***

The businesses subject to ALM represent a small fraction of the total population subject to audit. Of approximately 10,000 active businesses located in the City of Richmond, 1,300 businesses were subject to ALM. The Tax and Compliance Audit Unit audited 32 businesses subject to ALM during the audit period. The Unit audited 0.3% of total active businesses in Richmond, which needs improvement.

***There are indications that a risk of under-reporting by the businesses exists***

The following example demonstrates the risk of under-reporting taxable revenues. The City Auditor’s analysis identified that there are 289 Barbers/Barber Shops licensed to do business in the City of Richmond. The following table depicts gross receipts reported by these businesses:

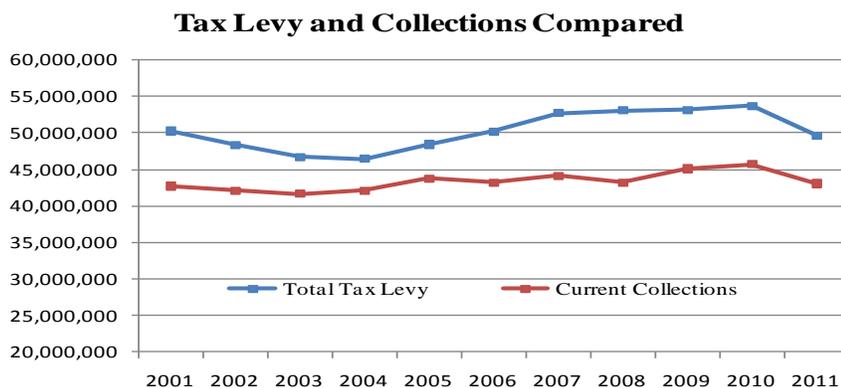
<b>No. of Barbers/ Barber Shops</b>	<b>Range of Gross Receipts Reported</b>	<b>Average Gross Receipts</b>
57	\$0 - \$4,999	\$1,481
185	\$5,000 - \$99,999	\$32,586
47	\$100,000 and Over	\$381,388

Based on the above data, it appears that some of these businesses may be under-reporting gross receipts. However, without actively assessing the risk of under-reporting, it may not be possible to determine if the City collected all the BPOL taxes due.

*Assessment and  
Collection of  
Taxes*

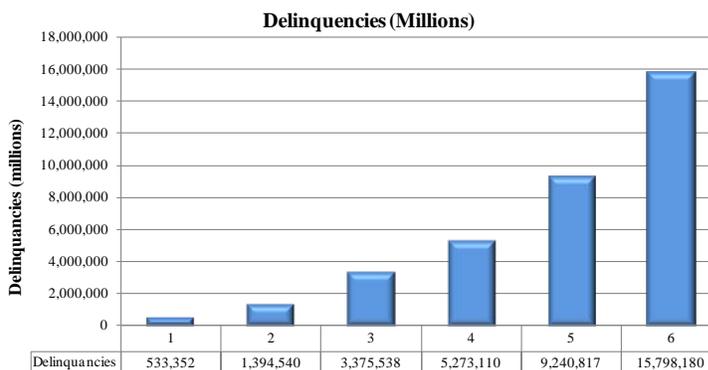
*Personal Property Taxes*

The chart below compares the total personal property taxes assessed and collected over the last 10 years. These totals include the amount reimbursed by the State to the City via the Personal Property Tax Relief Act.



The above information indicates that the Finance Department’s collection efforts are inadequate as the tax collection consistently lags the levy. This situation for the past six years has resulted in an accumulation of uncollected taxes of about \$15 million as depicted in the following chart and table:

*In the past six years, the City has accumulated a delinquent account balance of about \$15 million*



*Source: Finance Department*

It should be noted that during the above period, the recent recession may have an adverse impact on the collection efforts.<sup>2</sup>

***Collection  
Efforts Can be  
Improved***

To date, the City has written off approximately \$5.4 million of the above receivables. Audit testing indicated that the Department’s collection efforts need significant improvement. The City Auditor’s staff observed:

- Passive collection efforts;
- Lack of follow-up on non-filing business personal property tax filers; and
- Lack of verification of the completeness and accuracy of the business personal property tax (BPPT) return, which is utilized to substantiate the taxpayer liability.

There are several tools available to the City to collect the delinquent taxes effectively. These include:

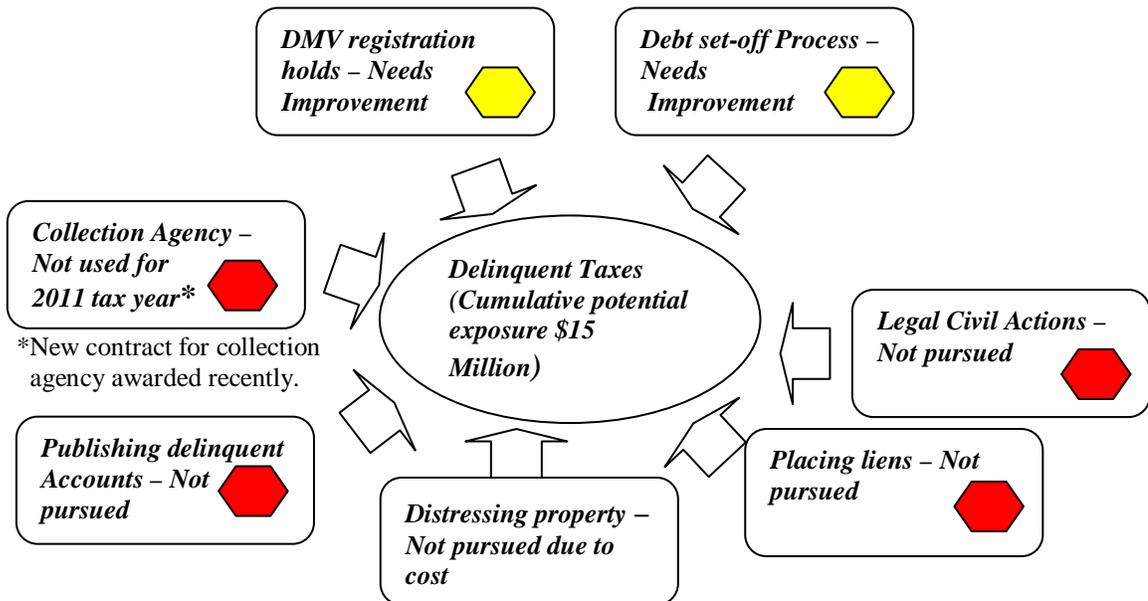
***DMV Registration Holds***      *State Code §46.2-752 allows entering into an agreement with the Virginia Department of Motor Vehicle (DMV) to prevent issuance or renewal of any vehicle registration where delinquent personal property tax exists.*

***Debt Set-Off***      *State Code §58.1-520, The “Set-off Debt Act” allows the State to withhold an individual’s state tax refund and remit the withholding to the local government.*

***Legal methods***      *State Code §58.1-3953, §58.1-3919 and §58.1-3954 allows prosecution to enforce collection of tax.*

<b><i>Distress Property</i></b>	<i>State Code §58.1-3941 authorizes distressing (immobilizing) any vehicle that taxes have been assessed against.</i>
<b><i>Liens</i></b>	<i>State Code §58.1-3941 authorizes placing liens on employment and bank accounts.</i>
<b><i>Publish Delinquent Accounts</i></b>	<i>State Code §58.1-3924 allows publishing a list of delinquent accounts in the newspaper of record and on the locality’s website.</i>
<b><i>Outside Collection Agency</i></b>	<i>State Code §58.1-3934 permits assignment of the accounts that are more than six months delinquent to an attorney for collection.</i>

The following figure depicts the state of collection efforts using each of the above tools to collect delinquent personal property taxes:



*Debt Set-offs*

***Debt set-offs can  
be placed more  
frequently to  
improve the  
probability of  
timely collections***

The Virginia Department of Taxation allows localities to report delinquent accounts for the debt set-off program. The reporting needs to be done on or after November 1 of each year. The program allows all delinquencies up to October 31 of any year to be reported on November 1 of that year. However, City personnel forwards information on delinquent accounts once a year to the Virginia Department of Taxation after an account has been delinquent for six months. This means that the delinquencies occurring after April 2011 were not reported by November 1, 2011. It is not clear why the City waits for six months when it is possible to send the list once the account becomes delinquent. Also, sending the list to the State more frequently may improve the probability of collecting in a timely manner. The City Auditor's inquiry with the relevant State personnel indicated that the City has the ability to add delinquencies after November 1 to the reporting made on November 1.

The State uses this list to notify the City when an individual who owes personal property tax is eligible for a tax refund or lottery winnings. The City must inform the taxpayers within 10 days of the State's notification about the potential offset of the tax due from their tax refund or lottery winnings. After 30 days from the date of the letter and if no appeal has been submitted, the claim is finalized and payment is sent to the City. Currently, there are more than 29,000 delinquent accounts in the City that are a part of the debt set-off process. This process recovered approximately \$1.1 million from the State in FY 2011.

*DMV Holds*

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*DMV holds need  
to be placed more  
often*

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DMV, at the request of the City, flags the accounts of delinquent taxpayers to put a hold on future renewal of their annual registration. The DMV registration holds are effective only when they are used consistently and timely. The City Auditor's staff found that 18 (36%) out of 50 delinquent accounts did not show DMV holds. The delinquencies on some of these accounts date back to 2006.

The Finance Department does not place holds until the account is delinquent for at least six months. Neither State Code nor DMV specify when the holds can be placed on delinquent accounts. The City Auditor believes that the most logical time to place DMV holds on these accounts is immediately after they become delinquent. The Finance staff could not provide an adequate explanation for waiting six months prior to placing DMV holds.

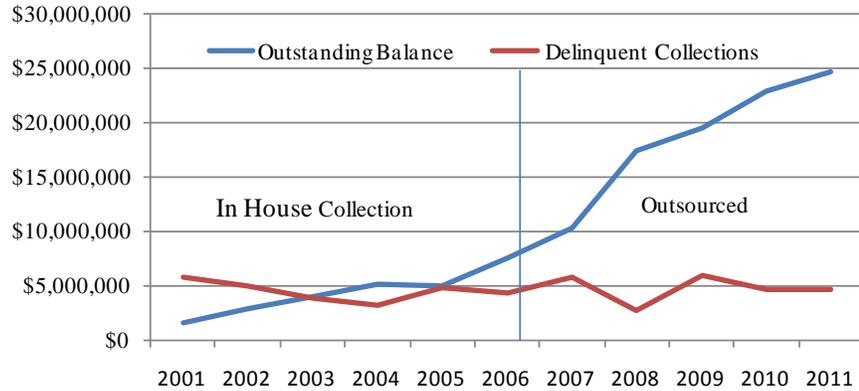
*Other Collection  
Methods*

According to Finance staff, prior to 2007 the Department pursued more aggressive in-house collection efforts using the following methods:

- Issue summons
- Place liens on bank accounts and wages
- Seize property as appropriate
- However, beginning January 2007 in-house collection efforts were outsourced. The following chart illustrates the rise in delinquencies since the change in practice.

*The City's aggressive collection efforts ceased when the function was outsourced*

**Impact of Weak Collection Practices**



*Source: CAFR and Finance Department*

Through September 30, 2010, delinquent accounts were referred to an outside collection agency. However, this process has ceased due to contract expiration. Therefore, the delinquencies are increasing at an even faster rate.

**Collection Efforts by Hampton (PPT)**

Compared to Richmond’s current efforts, the City of Hampton pursues personal property tax collection more aggressively. Hampton pursues collection efforts soon after the account becomes delinquent as follows:

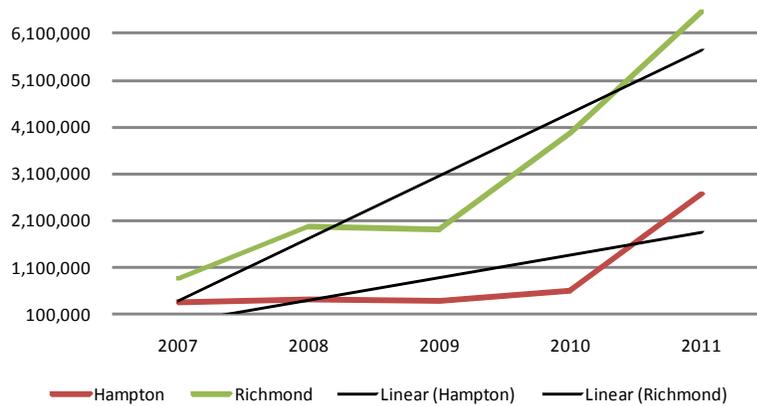
- Places wage and bank account liens
- Charges \$30 administrative fee on all unpaid accounts
- Sends delinquent accounts to the State Department of Taxation for inclusion in the debt set-off program
- Immobilizes the vehicle by using license plate scanners to identify the delinquent account vehicles and confiscate license plates
- Contacts the individual in-person, if the unpaid account is more than \$1,000

- Serves a sales tax notice for accounts that are delinquent for two or more years
- Mails a pre-judgement letter and may take a motion for judgement against large dollar accounts, if no lien or distress source is identified when the statute of limitations is nearing for the debt

*The City of Hampton has a successful collections program*

The results of Hampton’s aggressive collection efforts are evident from the following trend comparison of delinquencies in Richmond and Hampton:

**Trend of Delinquency Compared between Hampton and Richmond**



Based on this information, it appears that Richmond could enhance its collection methods to improve its collection ratios and generate more resources for the City.

***Business  
 Personal  
 Property Tax  
 Returns***

Businesses in the City are required to file a Business Tangible Personal Property Tax Return each year. Based on the information provided, the City invoices the businesses. The Tax Assessment Unit of the Revenue Administration Division is responsible for data entry and billing City

businesses. The City Auditor’s staff selected a sample of 60 business accounts and identified:

<b>Observation</b>	<b>No. of Accounts</b>	<b>%</b>
No exceptions noted	34	57%
Did not file return	23	38%
Information not updated in the system	3	5%
<b>Total</b>	<b>60</b>	<b>100%</b>

***Accepting self-reported business personal property tax information could increase the risk of under or non reporting***

The business personal property tax information is self reported information by the businesses. The Revenue Administration Division does not have formal procedures to evaluate the reasonableness of the information presented considering the size of the business and income reported for business license tax purposes. In addition, the City Policy requires the Tax and Compliance Audit Unit to conduct field audits to evaluate the accuracy of the information reported by the businesses. There is a risk of under-reporting or non-reporting of business personal property tax. Conducting field audits has a potential to generate revenues that otherwise may not be collected. At this time, it is not possible to determine the amount of loss the City could be suffering. With additional efforts, the Division may be able to identify the businesses that do not submit returns and collect the business personal property taxes due.

***Untimely Assessments***

Finance receives updates from DMV on a weekly basis and from the Department of Game and Inland Fisheries (DGIF) on an annual basis. DMV provides updates for motor vehicles that are moving in and out of the City, new purchases, vehicle sales and disposals, and address

**City of Richmond Audit Report 2012-08**  
**Department of Finance – Revenue Administration**  
**April 2012**

updates. DGIF provides a full listing of all water craft registered within the City. The City’s goal is to update the DMV information on a monthly basis. The City Auditor’s staff tested a sample of 150 motor vehicles and 45 water craft and found:

<i>Issues Encountered</i>	<i>No. of Items</i>
Motor Vehicles not in MUNIS	13
Boats not in MUNIS	10
Not Updated Timely	32
Motor Vehicles not Updated	25
Motor Vehicle added but not Billed	3

It took the Finance Department an average of 94 days to upload the data received from DMV and DGIF into MUNIS. This can result in poor customer service and limit the City’s ability to collect revenues that otherwise would be collected.

***Administrative Fee***

***The City could have generated \$1.3 million by charging the Administrative fee in FY2010***

The State Code of Virginia § 58.1-3958 affords localities the ability to charge an administrative fee to all delinquent accounts. However, the Finance Department did not begin charging this fee until 2011. According to the City Auditor’s staff research, several localities, such as Henrico County, Norfolk, Virginia Beach and Hampton, are charging this fee. Charging this fee could help the City improve its cash flow. Based on the information provided by the Finance Department, the City could have generated an additional \$1.3 million in FY2010.

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*The City charged the administrative fee in FY 11, but it was not in accordance with statutory provisions*

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State Code § 58.1-3958 dictates that the administrative fee can only be assessed 30 days or more after issuing a delinquency notice. However, the Finance Department assessed the \$30 administrative fee prior to issuing the delinquent notifications. This fee was included in the balance due for the August 2011 delinquent notifications. Charging this fee by the Finance Department in 2011 was not transparent to the taxpayers.

***Recommendations:***

2. ***Implement proper management practices to ensure efficiency and effectiveness in the Assessment, Collections, Tax and Compliance Audit, and Tax Enforcement Units. Specifically:***
  - a. ***Hold employees accountable by managing their productivity.***
  - b. ***Require Tax Audit, and Tax Enforcement Units to have a documented annual plan for their work.***
  - c. ***Analyze the risk of non-reporting and under-reporting of taxes to focus collection, audit and enforcement efforts to high risk accounts to maximize effectiveness.***
  - d. ***Include this analysis for all tax types.***
3. ***Develop appropriate performance measures and monitor performance for all the Units under this audit.***
4. ***Employ more aggressive methods to maximize collection.***
5. ***Follow-up on all business personal property tax returns that have not been filed.***
6. ***Review all filed business personal property tax returns for reasonableness. Update the account information timely within MUNIS.***

*7. Develop, implement and monitor policies and procedures to:*

- a. Place DMV holds timely and consistently.*
- b. Ensure compliance with State Code provisions related to charging the administrative fees for delinquent accounts.*
- c. Address uploading DMV and DGIF uploads within predetermined timeframes.*

### *Chapter III: Internal Controls*

#### ***What are Internal Controls?***

According to 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
- Compliance with laws and regulations

The City Auditor found the internal controls in the audited areas to be inadequate and need improvement.

#### ***Compliance***

The City Auditor’s staff found that generally, the Revenue Administration Division complied with laws, regulations, and the City policies with a few exceptions (described in detail subsequently in the report) as follows:

- Interest rate charged on delinquent accounts did not comply with regulations.
- Administrative fee charged on delinquent accounts did not comply with State Code.

***Policies and  
Procedures***

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***The Units either  
did not have  
formal policies or  
they did not  
comply with the  
existing policies***

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Formal policies and procedures outlining daily operational tasks do not exist and/or do not reflect the current practice. Without current written policies and procedures, staff expectations may be unclear and job performance may be inconsistent. In addition, policies and procedures ensure continuity of operations during employee turnover.

The Tax and Compliance Audit Unit implemented formal written policies and procedures at the end of the audit period. However, guidance for properly communicating with the Tax Enforcement and Collections Units for collection of taxes due to tax audit assessments was informal during the audit period.

***Performance  
Measures***

Performance measures are tools for effective management. They are designed to evaluate efforts, outputs and outcomes. The City Auditor's staff observed that adequate performance measures are not in place for the Revenue Administration Division. Without effective and relevant performance measures, it is difficult for the Finance Department to demonstrate the effectiveness and efficiency of their operation.

***Interest Rate***

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***The City  
overcollected  
interest on  
delinquent  
accounts***

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Pursuant to § 98-167 of the City Code, interest is accrued on taxes due and penalties for delinquent accounts. The interest rate is determined on an annual basis based upon the rate charged by the Virginia Department of Taxation for the first quarter of each tax year for the underpayments of income taxes. For tax year 2011, the approved interest rate was lowered from ten to five percent. However, Finance inadvertently did not change the interest rate in MUNIS; therefore, the City has overcollected approximately \$83,000 in interest charges. After the City Auditor's staff alerted management, the interest rate was corrected in

MUNIS. The excessive interest collection may have resulted due to lack of policies and procedures.

***Information System***

The Revenue Administration Division has been using the MUNIS System since 2009 with the implementation of the Real Estate Tax module. The Personal Property and BPOL Tax modules were implemented in 2010. Prior to this implementation, the City Auditor's Office had identified several concerns associated with the pre-implementation process as noted below:

- Lack of documented business requirements
- Absence of internally documented workflow processes and procedures
- Poor project management and inadequate management support
- Management had stated that the customer service support with the vendor had been poor.

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***MUNIS may not be able to handle the complexity of City operations***

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The managers of the various units in the Finance Department expressed concerns that MUNIS may not be able to handle the complexity of the personal property tax laws and a City the size of Richmond. Yet, the Department did not conduct an analysis of the possible adverse impact of the system's inadequacies on the operations prior to implementing the Personal Property and BPOL modules.

***MUNIS Data Integrity***

Prior to implementing the above modules, management did not properly scrub or test the data in the old system before converting it to the new system. The Finance Personnel ensured that the correct number of records was converted. However, the accuracy of the previous system data was not verified prior to conversion.

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*The City Auditor's staff noted multiple data integrity issues in the automated system*

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MUNIS was not updated timely with account changes resulting in inaccurate and incomplete information. According to management, the Department discontinued the DMV updates until after the completion of the implementation of MUNIS. During the audit testing, the Finance staff was still updating changes from the past.

Currently, MUNIS does not have the functionality to review the DMV files prior to importing the files. This forces an inefficient manual review as it is time consuming and prone to errors. The Legacy Mainframe system preceding MUNIS had some capability of excluding the properties garaged outside Richmond prior to updating DMV information. However this capability was lost upon the implementation of MUNIS. Recently, the Finance personnel informed the City Auditor's Office that they are working with the Department of Information Technology to make appropriate programming changes to accomplish these capabilities.

In addition, the data integrity issues caused erroneous mailings as described below:

***Returned Mail***

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*The proper handling of the influx of returned mail would have prevented costs of approximately \$12,000*

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The accuracy of address information in MUNIS depends upon the accuracy of DMV records and information provided by the taxpayers. In April 2011, the Finance Department utilized the MUNIS system to bill the annual personal property taxes. Following the first annual billing utilizing the MUNIS system, there was an influx of returned mail due to incorrect account information.

Subsequently, management mailed two additional billings. Some of the re-billings were done utilizing the same addresses used to send the original mailing. The Finance personnel indicated that some of these returned mail were suspected to be due to faulty delivery process by the U.S. Postal Service. Based upon information obtained from Finance management, the auditor estimates that these mailings cost the City approximately \$12,000 for printing and postage, which does not include staff time for re-addressing the envelopes and subsequent account research. This means the Finance Department’s action in this incident resulted in approximately \$12,000 of lost resources.

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*The returned mail included payments totalling \$17,400 that were not cashed in a timely manner*

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In September 2011, the City Auditor’s staff identified that the above returned mail included payments totaling approximately \$17,400 that had not been cashed and posted to customer accounts in a timely manner. This leads to poor customer service to the customers who made these payments.

***Billing Personal Property Garaged Outside City Limits***

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*The City is inappropriately billing for some of the properties located outside the City limits*

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It was also noted that the MUNIS data includes property that is garaged in other jurisdictions. Based upon a limited review of the MUNIS data, the City Auditor’s staff identified 4,800 motor vehicles that are garaged in Henrico County based upon their listed dwelling address. This results in inappropriate billing and potentially collecting tax revenues for which the City is not entitled to receive. Other effects of inappropriate billings include the incorrect application of DMV registration holds and debt set-off to an account; thereby deeming it delinquent, and assessing penalties and interest fees. This results in inaccurate data in the City’s tax database.

***Recommendations:***

***8. Develop, implement and monitor policies and procedures to:***

- a. Ensure the interest rate within MUNIS is in accordance with the approved interest rate annually.***
- b. Update the MUNIS database with DMV downloads on a monthly basis in accordance with the Division's current practices.***
- c. Reflect current timelines and procedures for following-up on delinquent accounts.***

***9. Review and remedy the over collected interest from taxpayers.***

***10. Work with DIT to:***

- a. Develop an application for streamlining the process of importing the DMV files into MUNIS.***
- b. Review the existing and the new data input into MUNIS to ensure the City is only assessing and billing for property that is garaged within City limits.***

***11. Ensure that the supplemental billings are sent to taxpayers timely.***

***12. Work with the City Administration to:***

- a. Conduct an adequacy analysis of the MUNIS system for the Revenue Administration operations and its impact on the operational efficiencies.***
- b. Consider replacing MUNIS in consultation with the City Administration after providing proper justification.***

***13. Define a communication process within the Revenue Administration Division for the collection of the taxes due from audit assessments.***

## *Chapter IV: Customer Service*

### *Citizen Requests*

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*The City Auditor's staff observed that the selected requests were addressed in a timely manner*

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The inefficiencies identified in this audit resulted in poor customer service and an influx of citizens' requests. Between July 1, 2010, and June 30, 2011, there were more than 7,800 citizens requests related to personal property taxes (i.e. DMV hold removals, inappropriate billing inquiries, etc.). The City has established specific guidelines to address citizen requests. The City Auditor's staff observed that the selected requests were addressed in a timely manner.

Meanwhile, the citizens are inconvenienced due to inaccurate data in the system. Negative public perception may exist due to some of the following:

- Multiple requests to stop the billing by individuals that have moved out of the City or never lived in the City.
- Time lag between payment and DMV hold removal.
- Inappropriate application of the debt set-off and DMV hold programs. As taxpayers who did not have property garaged within the City were having holds placed on their DMV accounts and/or having their State tax refund partially or fully taken by the City as payment toward a non-existent debt.

Correcting the inefficiencies and control weaknesses identified should reduce the number of customer service requests, thereby improving customer service.

### *DMV Hold Removal*

Auditors found that the Finance Department removes the DMV holds on delinquent accounts the same or next business day for the payments

made in person to a teller. However, account holds are not removed immediately for payments made through online services, telephone or through mail. In these cases, the customers must make additional effort to request the DMV hold removals. The citizens find out about the City's lack of action only when they are trying to conduct business at DMV. This lack of action increases the workload for DMV as well as for the City staff. The City must research these requests and remove DMV holds in a more timely manner. Beginning in April 2011, DMV began requiring all localities to remove holds placed on delinquent accounts within 24 hours of full payment.

Additional testing revealed that Finance did not update account information in MUNIS upon removal of the DMV holds. Based upon discussion with Finance staff, the risks listed below exist for accounts for which holds are not removed in MUNIS upon receipt of payment:

- Customer account will erroneously reflect a hold when reviewing the account. As such, inappropriate information may be communicated to citizens.
- The above inaction could prevent placing DMV holds for subsequent years.

***Payment  
Processing***

According to the Department's procedures, timeliness of payment entry varies upon the method in which the payment was received. The chart below illustrates the timeline for payments to be posted to an account.

**Expectation of Payment Processing:**

<i>Mode of Payment</i>	<i>Processing</i>
In person	Payment applied same day
Mailed to Lockbox	Within 24 hours of payment file received by the City
Mailed directly to City Hall	Within 24 hours of payment received
Drop Box at City Hall	Within 24 hours of payment received
Online or via telephone	Within 24 hours of payment file received by the City

***Observations:***

The City Auditor’s staff reviewed a sample of 100 payments made through each of the available payment methods between January 1 and June 30, 2011. Twenty- three of those payments were not entered in a timely manner. On average, the payments were posted five days after receipt. Payments should be posted in a timely manner to ensure that an account is not incorrectly classified as delinquent and prevent any further collection efforts.

***Delinquent Notification***

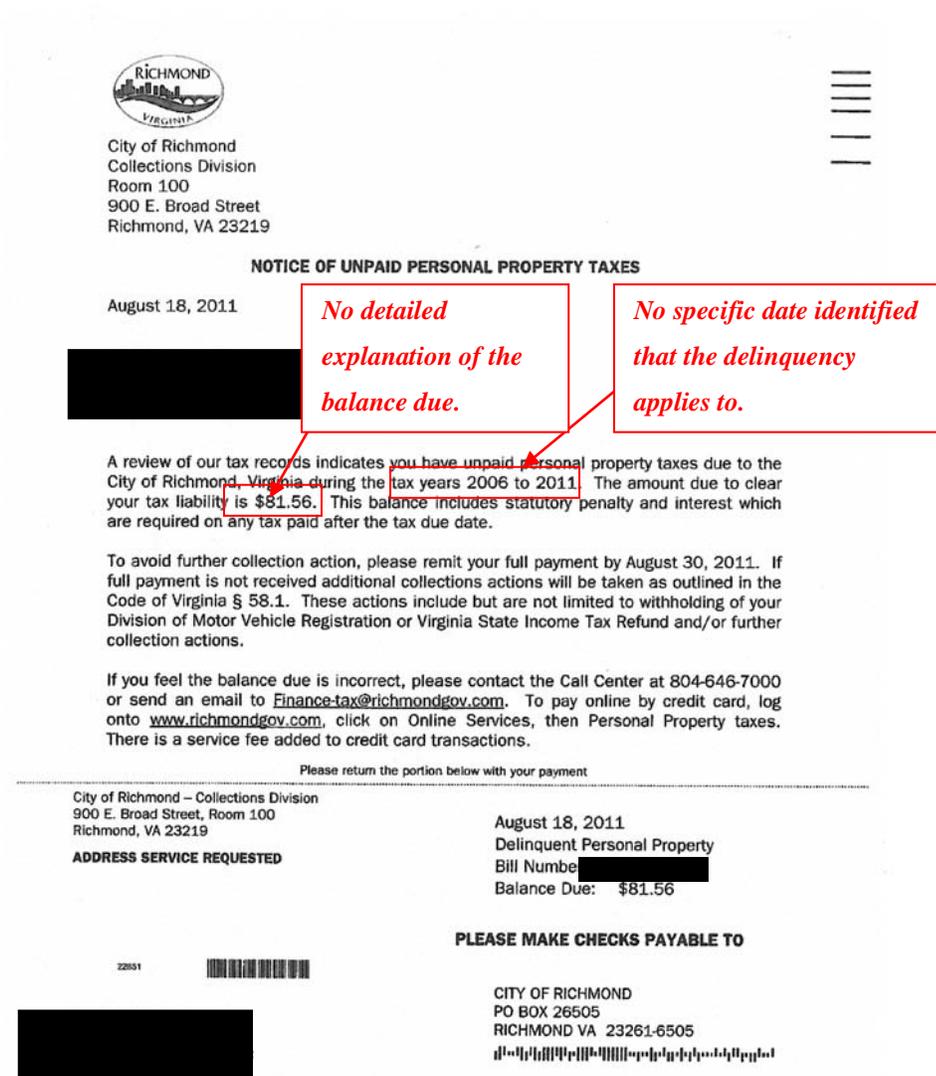
A recent delinquent notification from the Finance Department did not have sufficient details to provide taxpayers with adequate information on the balance due. Specifically, the notification failed to identify the following:

- The year(s) the outstanding balance applies to;
- The properties to which the outstanding balance applies to; or
- The application of an administrative fee, interest, and penalty to the account.

**City of Richmond Audit Report 2012-08**  
**Department of Finance – Revenue Administration**  
**April 2012**

*The recent delinquent account notifications did not have sufficient details*

In addition, it was sent more than 90 days after the taxes were originally due. To be effective, the notification should have been sent within 30 days of becoming past due. The image below illustrates the deficiencies noted.



The City Auditor’s staff observed that the Revenue Administration Division has revised the delinquent notification letter. The revised letter provides details of the balance due.

***Untimely  
Issuance of  
BPOL***

The Assessment Unit does not have any formal guidelines or expectations for timeliness of issuing business licenses. The City Auditor’s staff observed the following range of time taken to issue licenses:

<i>Range (Days)</i>	<i>Number of Licenses</i>
0-45	26
46-90	8
91 or more	2

The other localities have established guidelines for issuance of licenses as depicted in the following table:

<i>Locality</i>	<i>Number of Days for Issuance of License</i>
Hampton, VA	15
Spotsylvania, VA	15
Henrico, VA	45

The above observations indicate that in 10 (28%) cases the Division took more than 45 days. A timelier processing of the license application would improve customer service.

***Recommendations:***

***14. Develop, implement and monitor policies and procedures to:***

- a. Remove DMV holds on accounts in accordance with DMV requirements.***
- b. Comply with the timeframe established by the policy for posting payment.***
- c. Establish a timeframe within which a business license must be issued.***



4	<i>Employ more aggressive methods to maximize collection.</i>	N	Finance does not concur that more aggressive methods should be taken, however, the following steps are being taken: Secure new contracts with outside collection agencies, [this has been accomplished] Send out more timely delinquent notices on all tax types prior to turning accounts over to outside collection agencies. Review the timeliness of VRW holds
	<b>TITLE OF RESPONSIBLE PERSON</b>		<b>TARGET DATE</b>
	Director of Finance		30-Jun-12
	<b>IF IN PROGRESS, EXPLAIN ANY DELAYS</b>		<b>IF IMPLEMENTED, DETAILS OF IMPLEMENTATION</b>
	Collection agency contracts have been signed and Finance has had initial implementation meetings with the two agencies. In January 2012, Finance sent out delinquent notices on supplemental personal property bills and business licenses.		
<b>#</b>	<b>RECOMMENDATION</b>	<b>CONCUR Y-N</b>	<b>ACTION STEPS</b>
5	<i>Follow-up on all business personal property tax returns that have not been filed.</i>	Y	Finance agrees with this recommendation. A comparison will be done of prior year filings to current year to identify potential non-filers. Once identified, the businesses will be contacted. If we get no responses, the Tax Enforcement Unit will actively investigate.
	<b>TITLE OF RESPONSIBLE PERSON</b>		<b>TARGET DATE</b>
	Operations Manager		11/30/2012
	<b>IF IN PROGRESS, EXPLAIN ANY DELAYS</b>		<b>IF IMPLEMENTED, DETAILS OF IMPLEMENTATION</b>
<b>#</b>	<b>RECOMMENDATION</b>	<b>CONCUR Y-N</b>	<b>ACTION STEPS</b>
6	<i>Review all filed business personal property tax returns for reasonableness. Update the account information timely within MUNIS.</i>	Y	Finance agrees with this recommendation. Desk audits for the current and prior three years will be done to review returns for reasonableness. FY2012 was the second year of using MUNIS for this tax type. Steps to ensure account information is entered accurately and timely into MUNIS are being taken for the 2012 returns.
	<b>TITLE OF RESPONSIBLE PERSON</b>		<b>TARGET DATE</b>
	Operations Manager		30-Jun-12
	<b>IF IN PROGRESS, EXPLAIN ANY DELAYS</b>		<b>IF IMPLEMENTED, DETAILS OF IMPLEMENTATION</b>
<b>#</b>	<b>RECOMMENDATION</b>	<b>CONCUR Y-N</b>	<b>ACTION STEPS</b>
7	<i>Develop, implement and monitor policies and procedures to:</i> <i>a. Place DMV holds timely and consistently.</i> <i>b. Ensure compliance with State Code provisions related to charging the administrative fees for delinquent accounts.</i> <i>c. Address uploading DMV and DGIF uploads within predetermined timeframes.</i>	Y	Finance agrees with this recommendation and is in the process of writing the policies and procedures.
	<b>TITLE OF RESPONSIBLE PERSON</b>		<b>TARGET DATE</b>
	Director of Finance		31-Dec-12

	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
	DMV uploads have been uploaded on a timely basis since September 2011.		
#	RECOMMENDATION	CONCUR Y-N	ACTION STEPS
8	<i>Develop, implement and monitor policies and procedures to:</i> <i>a. Ensure the interest rate within MUNIS is in accordance with the approved interest rate annually.</i> <i>b. Update the MUNIS database with DMV downloads on a monthly basis in accordance with the Division's current practices.</i> <i>c. Reflect current timelines and procedures for following-up on delinquent accounts.</i>	Y	Finance agrees with this recommendation and is in the process of writing the policies and procedures.
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Director of Finance		31-Dec-12
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
	The interest rate for personal property was corrected at the time of the audit. The 2012 interest has already been applied to MUNIS based upon the 1st quarter 2012 rate set by the Virginia Department of Taxation.		
#	RECOMMENDATION	CONCUR Y-N	ACTION STEPS
9	<i>Review and remedy the over collected interest from taxpayers.</i>	Y	Finance agrees with this recommendation. We are working with our MUNIS vendor currently to correct this issue. We are in the process of issuing credits to the affected taxpayers at this time.
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Revenue Compliance Manager		30-Jun-12
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
#	RECOMMENDATION	CONCUR Y-N	ACTION STEPS
10	<i>Work with DIT to:</i> <i>a. Develop an application for streamlining the process of importing the DMV files into MUNIS.</i> <i>b. Review the existing and the new data input into MUNIS to ensure the City is only assessing and billing for property that is garaged within City limits.</i>	Y to a N to b	Finance agrees with this recommendation. a. DIT and Finance are currently testing this streamlined application which uses an electronic GIS database. b. Finance validates information received from DMV against the Zip Code Directories. We are heavily reliant on information from DMV and the taxpayer and it is not always possible to detect inaccuracies in this information.
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Revenue Compliance Manager		30-Jun-12
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
	DIT and Finance are currently testing the streamlined application.		
#	RECOMMENDATION	CONCUR Y-N	ACTION STEPS

11	<i>Ensure that the supplemental billings are sent to taxpayers timely.</i>	Y	Finance agrees with this recommendation. We continually strive to issue timely tax billings to customers. Delays were experienced at the time of the MUNIS conversion, however we have been issuing timely bills for the past nine months.
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Revenue Compliance Manager		30-Jun-12
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
#	RECOMMENDATION	CONCUR Y-N	ACTION STEPS
12	<i>Work with the City Administration to:</i> <i>a. Conduct an adequacy analysis of MUNIS system for the Revenue Administration operations and its impact on the operational efficiencies.</i> <i>b. Consider replacing MUNIS in consultation with the City Administration after providing proper justification.</i>	N	Finance is not in agreement with this recommendation. This recommendation will require further review by the appropriate stakeholders. Finance continues to make improvements and implement upgrades to the MUNIS system. We are not considering the replacement of the MUNIS system at this time.
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
#	RECOMMENDATION	CONCUR Y-N	ACTION STEPS
13	<i>Define a communication process within the Revenue Administration Division for the collection of the taxes due from audit assessments.</i>	Y	Finance agrees with this recommendation. The Tax Audit and Tax Enforcement units are creating a process whereby Enforcement will followup on unpaid assessments issued by Audit.
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Director of Finance		31-Aug-12
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
#	RECOMMENDATION	CONCUR Y-N	ACTION STEPS
14	<i>Develop, implement and monitor policies and procedures to:</i> <i>a. Remove DMV holds on accounts in accordance with DMV requirements.</i> <i>b. Comply with the timeframe established by the policy for posting payment.</i> <i>c. Establish a timeframe within which a business license must be issued.</i>	Y	Finance agrees with this recommendation and is in the process of writing the policies and procedures.
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Director of Finance		31-Dec-12
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION