

AUDITOR GENERAL

Halifax Regional Municipality



Property Tax Management Audit

January 9, 2019

Overview of Audit



- Overall positive results with areas for improvement
 - Billing and collection follow established policy
 - Tax correctly billed
 - Property tax recorded in 2016-17 and 2017-18 reasonable
 - Administration of property tax agreements should be improved
 - Property tax information system has significant weaknesses; new system required
 - Access to property tax system not limited to those who need it

Detailed Results

- Billing process follows HRM Charter and policy
 - Tested tax bills
 - All had correct property assessment values, general tax rates, and area tax rates
- General and area rate taxes recorded accurately
 - Reasonability test on general and area rate property taxes recorded for fiscal 2016-17 and 2017-18
 - Property Valuation Services Corporation provides assessment values for all properties in HRM
 - Compared assessment values for a sample of properties to HRM's property tax system. All correctly recorded
- Information for large commercial and industrial property owners not verified



Detailed Results

- Overdue account collection followed policy
 - Sample of property tax collections
 - Staff are consistent in dealing with overdue property taxes
- HRM Charter requirements followed when considering tax sales
 - All sampled accounts past due by more than three years met the HRM Charter requirements
- Efficiency of collection processes
 - Attempted to recover overdue taxes for 85% of the samples tested



Detailed Results

- System weaknesses and other issues
 - 156 users – 60% – have access they should not

<i>Category of users</i>	<i>Number of users</i>
Former HRM employees	56
Former temporary employees/ students/ set up as employees but did not start work with HRM	22
Employees outside Finance and Asset Management business unit	60
Employees in Finance and Asset Management business unit outside revenue and accounting departments	10
Generic accounts (not specific to one user)	8
Total	156

- Lack of processes when an employee retires or changes job roles within HRM
- No efficient way to tell which users have access to look at information or make changes in the property tax system



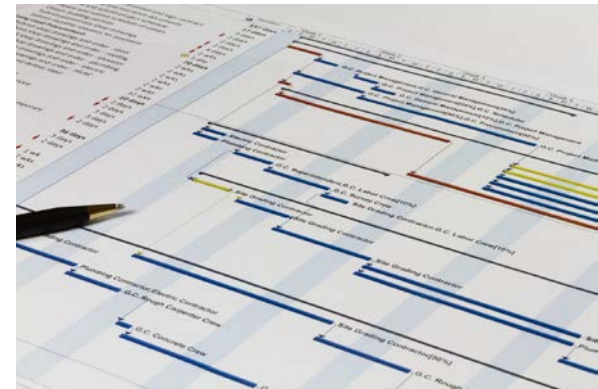
Detailed Results



- System weaknesses and other issues (continued)
 - System does not log details of changes made
 - Ability to change tax rates limited to a small number of users. However, 84 users can modify assessment values.
 - 23 of the 84 users have access to make changes not detected by the monitoring process
 - fraud risk
 - risk of accidental errors
 - Access to the property tax system should be highly-restricted and well-monitored

Detailed Results

- New property tax information system needed
 - Management said current system is the biggest risk to the business unit
 - Plan for new system not up-to-date and has no deadlines
 - System issues identified are significant
 - Should be addressed to the extent possible in the existing system
- Good back-up processes for property tax data in the property tax system



Wrap-up



AUDITOR GENERAL

Halifax Regional Municipality



Questions?