



**Mecklenburg County  
Department of Internal Audit**

Office of the Tax Assessor Follow-Up Audit  
Report 1566

April 4, 2016

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**Internal Audit's  
Mission**

To support key stakeholders in cultivating an environment of accountability, transparency and good governance.

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**Staff  
Acknowledgements**

Gewreka Robertson, Auditor-In-Charge

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**Obtaining Copies of  
Internal Audit Reports**

This report can be found in electronic format at  
<http://charmeck.org/mecklenburg/county/audit/reports/pages/default.aspx>



**MECKLENBURG COUNTY**  
**Department of Internal Audit**

**To:** Dena Diorio, County Manager

**From:** Joanne Prakapas, Director, Department of Internal Audit

**Date:** April 4, 2016

**Subject:** Office of the Tax Assessor Audit Follow-Up Audit Report 1566

The Department of Internal Audit completed a follow-up audit on reported issues from the Office of the Tax Assessor Audit Report 1163 issued April 26, 2013. The objective of the follow-up audit was to determine with reasonable but not absolute assurance whether management took effective corrective action on the issues presented in the audit report.

Internal Audit staff interviewed key personnel, observed operations, reviewed written policies and procedures and other documents, and tested specific transactions where applicable. Internal Audit conducted this audit in conformance with The Institute of Internal Auditor's International Standards for the Professional Practice of Internal Auditing.

**FOLLOW-UP SUMMARY**

There were fifteen recommendations in the Office of the Tax Assessor Audit Report 1163. The following table summarizes the results of the follow-up audits performed to date.

<b>Recommendation Summary</b>					
<b>Fiscal Year</b>	<b>Audit Report</b>	<b>Implemented</b>	<b>Open</b>	<b>Not Implemented</b>	<b>Withdrawn</b>
2014	1473	5	10		
2015	1566	4	4		2

Details regarding the most recent follow-up audit are noted in the attached **Follow-Up Results** matrix. Recommendations considered implemented will be excluded from further review. For those that remain open, Internal Audit will conduct a follow-up audit at a later date to verify they are fully implemented and working as intended.

The cooperation and assistance of the Office of the Tax Assessor staff are recognized and appreciated.

- c: Deputy County Manager/Chief of Staff
- Assistant County Managers
- Deputy County Attorney
- Senior County Attorney
- Board of County Commissioners
- Audit Review Committee
- County Assessor

**Follow-Up Results**  
**Office of the Tax Assessor Audit Report 1163**

- **Implemented** – Audit issue has been adequately addressed by implementing the original or alternative corrective action plan (**I**)
- **Open** – Corrective action for audit issue initiated but not completed (**P**); Implemented but not operating as intended (**IO**); Not been addressed but management fully intends to address issue (**O**)
- **Not Implemented** – Audit issue not addressed and management has assumed the risk of not taking corrective action (**NI**)
- **Withdrawn** – Audit issue no longer exist due to operational changes (**W**)

				Implementation Status	
Issue No.	Recommendation	Management's Risk Mitigation Strategy	Original Implementation Date	Current Status	Management Comments
1	<p>Internal Audit recommends the Assessor's Office develop and implement formal, documented policies and procedures for RMV valuations, property appeal processes and information system access. The policies and procedures should include, at a minimum:</p> <ul style="list-style-type: none"> <li>a. applicable State statutes</li> <li>b. applicable County policy and procedures</li> <li>c. staff roles and responsibilities</li> <li>d. assumptions, criteria, methods, processes, techniques and documentation requirements</li> <li>e. professional training requirements</li> <li>f. internal and external stakeholder communication requirements</li> <li>g. frequency of policy and procedure reviews and updates</li> </ul> <p>Further, management should ensure staff is trained on the policies and procedures.</p>	<p>Agree – The Assessor's Office is implementing the recommendations above in formatting or revising existing policy and procedure documents and any future documents into a consistent formalized format. Some procedures and policy documentation may come out of independent review currently ongoing as well as the Program Review of some processes. The Assessor's Office will work with management analysts to create more formalized training and tracking to ensure all staff has participated in and is trained on policies and procedures relevant to their position. Training will begin after the policy and procedure documents are finalized. Mecklenburg County is in the process of hiring a new Assessor who will be charged with complying with this recommendation. The estimated date of completion is October 2013.</p>	10/2013	I (2)	
3	<p>Internal Audit recommends the Assessor's Office expand the scope of its pre-billing edits to include an independent, detailed review of a representative sample of the population of all abstracts processed. In addition, management should implement</p>	<p>Agree – The time period reviewed included transition into the new NCPTS system, as well as the reorganization of departments and responsibilities. Pre-billing edits have been conducted each month but were not consistently documented or robust. The Assessor's</p>	3/2013	I (2)	

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	procedures to ensure RMV review activities are conducted as intended.	Office has revised its process of monthly pre-billing edits for RMV to include a random sampling of records, as well as a review of Public Service companies. All pre-billing edit documents and reconciliation reports are printed and retained. Future processes will change as the responsibility with the changeover of RMV to the State Vehicle Tax System (VTS) beginning in March 2013. Additionally, Mecklenburg County is in the process of hiring a new Assessor who will be charged with assuring compliance with this recommendation.			
4	Internal Audit recommends the Assessor’s Office establish a reconciliation process to ensure all DMV vehicle registrations are properly processed and accounted for. Management should monitor the reconciliation process and make certain identified variances are resolved.	Agree – Currently, the valuation system does not have a way to reconcile the RMV load to the billing based on a count of exempted (not billable) and voided records, nor the number of “adds” after the load and prior to billing. These reports will likely change due to the implementation of the State VTS system. The Assessor’s Office will establish and document a reconciliation process for the new VTS system as we become more familiar with the structure of the new system. Additionally, Mecklenburg County is in the process of hiring a new Assessor who will be charged with complying with this recommendation. Target date for establishing a	9/2013	W (2)	Internal Audit has withdrawn the issue and recommendation due to changes in the process and system used to value registered motor vehicles.

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		reconciliation process is September 2013.			
5	Internal Audit recommends the Assessor's Office work with the NCPTS vendor to determine whether the system can be modified to separate the creator and approver rights for property adjustments. Once modified, management should provide oversight to maintain the proper separation of duties between the creator and approver. If system rights cannot be adequately segregated, management should implement appropriate compensating controls.	Agree – Mecklenburg County is in the process of hiring a new IT Program Manager by June 2013 who will be charged with complying with this recommendation; especially assuring that proper controls are in place to facilitate separation of duties.	6/2013	P	Management indicated the recommendation is partially implemented due to the Department's transition to a new system (NCVTS) and some confusion about how to translate the audit recommendation to the new processes associated with the system change.
6	Internal Audit recommends the Assessor's Office document their review and approval of all real property valuation changes.	Agree – We are in the process of developing "reason codes" which will be added to AssessPro to document reasons for valuation changes. The estimated completion date is June 2013. As part of the AssessPro upgrade, we will request improvement to system documentation of value changes and their related approvals. Additionally, Mecklenburg County is in the process of hiring a new IT Program Manager who will be charged with complying with this recommendation. The AssessPro upgrade effort is expected to last eighteen months from its inception on February 1, 2013.	6/2013	P	Management indicated the recommendation is partially implemented due to limited resources and technology changes that impacted the valuation process, as well as competing priorities created by recent changes to statutory requirements.

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7	Internal Audit recommends the Assessor's Office re-emphasize to staff the importance of retaining adequate supporting documentation and consistently providing and maintaining detailed system notes for valuations and adjustments in the proper place within the respective system.	Agree – Management will re-emphasize the importance of scanning all documentation to the abstract prior to approval. The estimated completion date is August 2013. Management routinely reviews a random sampling of adjustments for all employees to assure compliance and to be used as part of the mid-year and annual performance review process.	8/2013	IO	Internal Audit determined adequate supporting documentation and system notes for valuations were not maintained.
	In addition, management should routinely review related valuation and adjustment supporting documentation and notes.			P	Management indicated the recommendation is partially implemented due to additional time needed to evaluate and implement process improvement initiatives.