RECOMMENDATION:

That Report AUD10011 respecting the follow up of Audit Report 2008-09, Taxation – Tax Appeals and Refunds, be received.

EXECUTIVE SUMMARY

Audit Report 2008-09, Taxation – Tax Appeals and Refunds, was originally issued in December, 2008 and management action plans with implementation timelines were included in the Report. In February, 2010, Internal Audit conducted a follow up exercise to determine that appropriate and timely actions had been taken. Regarding the implementation of the two (2) recommendations made in the original Report, one (1) has been completed and the other remains not completed.

Alternatives for Consideration –Not Applicable
FINANCIAL / STAFFING / LEGAL IMPLICATIONS (for Recommendation(s) only)

Financial: None.

Staffing: None.

Legal: None.

HISTORICAL BACKGROUND (Chronology of events)

Audit Report 2008-09, Taxation – Tax Appeals and Refunds, was originally issued in December, 2008. The Report indicated two (2) recommendations for improving an administrative item and reviewing system access rights.

It is normal practice for Internal Audit to conduct follow up reviews within a 12-18 month period following the issuance of the original report in order to determine whether action plans committed to by department management have been implemented. In February, 2010, Internal Audit followed up the Report to confirm appropriate and timely actions had been taken.

POLICY IMPLICATIONS

None.

RELEVANT CONSULTATION

The results of the follow up were provided to management and staff responsible for the administration of tax appeals and refunds in Taxation, Corporate Services Department.

ANALYSIS / RATIONALE FOR RECOMMENDATION

(include Performance Measurement/Benchmarking Data, if applicable)

The report attached as Appendix “A” to Report AUD10011 contains the first three columns as originally reported in Audit Report 2008-09 along with an added fourth column indicating Internal Audit’s follow up comments.
The recommendation regarding the adequate documentation and updating of divisional procedures for processing Section 357 and 385 appeals and their results has been implemented. The remaining recommendation referring to access rights to the Vailtech system had not been completed at the time of the follow up review but management has subsequently provided an action plan for future implementation.

### ALTERNATIVES FOR CONSIDERATION:

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<th>(include Financial, Staffing, Legal and Policy Implications and pros and cons for each alternative)</th>
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Not applicable.

### CORPORATE STRATEGIC PLAN (Linkage to Desired End Results)


**Financial Sustainability**
- Delivery of municipal services and management capital assets/liabilities in a sustainable, innovative and cost effective manner

### APPENDICES / SCHEDULES

Appendix “A” to Report AUD10011.
## OBSERVATIONS OF EXISTING SYSTEM

### Procedures Manual

1. Although there is a listing of the steps to be followed for section 357 and 358 (of the Municipal Act) tax appeals, most of the individual steps are not detailed adequately to provide appropriate guidance.

   When there are no adequately detailed written procedures to refer to, the employee currently carrying out the process relies on personal understanding and experience which could result in incorrect or inconsistent application. It may also be problematic and inefficient for the successor to commence his/her duties within a short period of time.

   That the divisional procedures for processing section 357 and 358 appeals be adequately documented. These procedures, once written, should be reviewed regularly to ensure that they remain current. Any revisions should be clearly identified by date of implementation.

   - **Agreed.** Target date for completion of written procedures is the 3rd quarter of 2009.

### Access to Tax System

2. The City uses a comprehensive tax system (Vailtech) to process payments, appeals and all other transactions related to properties listed on the tax roll. Access to the system is limited to users authorized by the Director of Taxation. At the time of the audit (September 2008), there were fifty (50) unique user logins identified by the administrator of the system.

   A review of the listing identified a former employee still had an active user ID, another employee that retained system access from a previous position held (current duties did not require a unique user ID) and a current divisional employee who uses a generic ID shared by several other employees.

   Failure to control and monitor access to the system may result in unauthorized or inappropriate use.

   That the Director of Taxation review the listing of access rights to the system on a regular basis to ensure that the list is current and up to date with appropriate adjustments made in a timely manner.

   - **Agreed.** This recommendation will be implemented immediately.

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<tr>
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<th>OBSERVATIONS OF EXISTING SYSTEM</th>
<th>RECOMMENDATION FOR STRENGTHENING SYSTEM</th>
<th>MANAGEMENT ACTION PLAN</th>
<th>FOLLOW UP FEBRUARY 2010</th>
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<tbody>
<tr>
<td><strong>1.</strong></td>
<td><strong>Procedures Manual</strong></td>
<td>That the divisional procedures for processing section 357 and 358 appeals be adequately documented. These procedures, once written, should be reviewed regularly to ensure that they remain current. Any revisions should be clearly identified by date of implementation.</td>
<td><strong>Agreed.</strong> Target date for completion of written procedures is the 3rd quarter of 2009.</td>
<td><strong>Completed.</strong> Divisional procedures for processing tax appeals under section 357 and 358 of the Municipal Act were revised to contain detailed instructions and approved by the Manager, Tax Accounting in October 2009. Staff have indicated that they will be reviewed annually to ensure that they remain current.</td>
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<td><strong>2.</strong></td>
<td><strong>Access to Tax System</strong></td>
<td>That the Director of Taxation review the listing of access rights to the system on a regular basis to ensure that the list is current and up to date with appropriate adjustments made in a timely manner.</td>
<td><strong>Agreed.</strong> This recommendation will be implemented immediately.</td>
<td><strong>Not Completed.</strong> However, subsequent to the follow up work, management stated that staff will be directed to create a spreadsheet of users who have access to the Vailtech system and their job titles. Semi-annually, the job titles will be verified for the employees and adjustments for access will be made, where necessary.</td>
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