

Audit Committee Report

DATE: Monday, May 29, 2023

WARD(S): ALL

TITLE: PROPERTY TAX AND ASSESSMENT AUDIT

FROM:

Kevin Shapiro, Director of Internal Audit

ACTION: FOR INFORMATION

Purpose

To communicate the findings from the Property Tax and Assessment Audit.

Report Highlights

- The Property Tax and Assessment department is responsible for maintaining a complete and accurate database of all properties within the City of Vaughan, applying the approved tax rate, providing timely statements to property owners, and collecting property tax for the City, Region of York, and school boards.
- In general, the audit found Property Tax and Assessment to be operating effectively. However, opportunities for improvement were identified.
- Management has developed action plans which will mitigate the identified risks and address the recommendations outlined in the report.
- This audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*.
- Internal Audit will follow up with management and report on the status of management action plans at a future Audit Committee meeting.

Recommendation

1. That the Internal Audit Report on Property Tax and Assessment be received.

Background

The objective of the audit was to evaluate the adequacy and effectiveness of the internal controls, processes, and procedures in place to mitigate the business risks associated with managing Property Tax and Assessment.

The audit scope includes assessing that:

- Strategic plans are appropriately developed, implemented, and monitored, and align with the City's strategic initiatives and priorities.
- There is adequate management oversight, ensuring the proper execution of the Property Tax and Assessment operations.
- Key performance indicators have been developed and management tracks, monitors, and reports on the critical success factors of the department.
- Budgetary and financial records appropriately reflect operational and capital objectives.
- Policies and procedures are regularly reviewed, updated, and applied consistently.
- Information Technology systems are being leveraged and used to their maximum capabilities.

The scope of the audit covered the Property Tax and Assessment activities for the period of January 2021 to December 2022.

Previous Reports/Authority

Not applicable.

Analysis and Options

In 2022, Property Tax and Assessment distributed over 100,000 residential and non-residential property tax statements with a total levy amount of more than \$938,000,000. The City receives less than 30% of that amount. The remainder goes to the Region of York and local school boards. Collection activities also include outstanding water, wastewater and stormwater balances, Provincial Offence Act fines, and unpaid parking tickets.

The department's responsibility for maintaining a complete and accurate database of all the properties in Vaughan, requires coordination with the Municipal Property Assessment Corporation (MPAC) and the Assessment Review Board. The City also administers programs, such as rebates for elderly homeowners and properties owned by charitable organizations.

The City's external auditor, KPMG, provides annual attestation for the City's financial statements. This includes substantiation of Property Tax and Assessment's collections and processes.

Financial Impact

There are no direct economic impacts associated with this report.

Broader Regional Impacts/Considerations

Not applicable.

Conclusion

The audit has identified opportunities to improve the operational efficiency:

- Enhance controls over system access control and system access.
- Segregate incompatible duties.
- Leverage technology to provide on-line services to property taxpayers.
- Develop appropriate measures to provide insight into corporate performance and support Property Tax operational objectives.
- Formalize standard operating procedures for operational and training activities.

For more information, please contact Kevin Shapiro, Director of Internal Audit, ext. 8293.

Attachments

1. Internal Audit Report – Property Tax and Assessment Audit.
2. Presentation Materials.

Prepared by

Kevin Shapiro, Director of Internal Audit, ext. 8293.

Approved by

A handwritten signature in black ink, appearing to be 'K. Shapiro', with a long horizontal flourish extending to the right.

Kevin Shapiro, Director of Internal Audit