# Auditor's Report

## Mission, Major Initiatives

AND

## Related Funding 2018

**Scott Tingley, CIA CGAP**
**Salt Lake County Auditor**

# Overview

## How are we organized?

### Executive Team

- Elected County Auditor and Appointed

### Office Administration

- Administrative and Fiscal Manager, Office Coordinators

### Audit Services Division

- Audit Managers, Senior Auditors, Staff Auditors, Associate Auditors

### Property Tax Division

- Division Administrator, Assistant Division Administrator, Property Tax Supervisors, Property Tax Analysts, Tax Administration Assistants, Temporary Employees

Total FTE Count: 24

# Property Tax Division

## Our Mission

*The mission of the Property Tax Division is to provide exceptional and professional property tax services to all local government entities within Salt Lake County, and to the public, in an efficient, effective, accurate, and transparent manner.*

## Accomplishing Our Mission

### Certified Tax Rates

- The Auditor calculates the certified tax rates of all local government entities within the County, including cities, school districts, special service districts, and the County itself.

- The Auditor ensures that all taxing entities follow the "Truth-in-Tax" requirements for finalizing tax rates each year. (§59-2-924)

- The Auditor calculates the property taxes for all taxable property and then charges the County Treasurer to collect. (§§59-2-320 through 59-2-329)

# Property Tax Division

## Accomplishing Our Mission (Continued)

**Notice of Valuation and Tax Changes (NOV)**

- The Auditor notifies all property owners of the assessed value of their property and the proposed property taxes each year.

**Clerk of the Board of Equalization**

- The Auditor acts as the *Clerk of the Board of Equalization* and administers the property tax appeals process each year.

**Charitable, Religious, and Educational Exemptions**

- The Auditor administers exemptions for all property used for charitable, religious, and educational purposes. (§59-2-1102)

**Community Reinvestment Agencies (Formerly RDAs)**

- The Auditor determines amounts payable by each taxing entity to Community Reinvestment Agencies through tax increment financing.

# Property Tax Division

## Accomplishing Our Mission (Continued)

### Delinquent Property Tax Sale

- The Auditor prepares properties for tax sale and conducts the annual tax sale to collect delinquent property taxes. (§§59-2-1350 through 59-2-1351.3)

### Final Settlement with the County Treasurer

- The Auditor makes an annual final settlement with the Treasurer to account for all property taxes assessed, charged, and collected. (§59-2-1372)
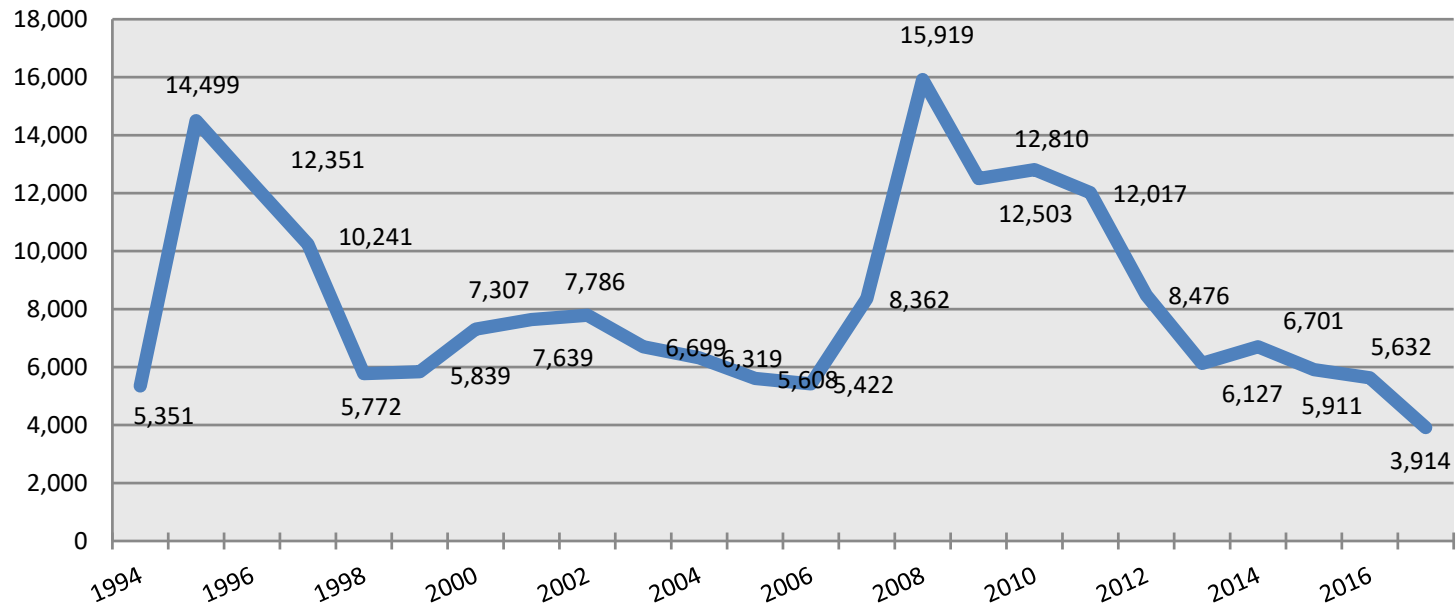
# Property Tax Division

## Accomplishing Our Mission – Statistics Section

| Clerk of the Board of Equalization – 2017 | |
|---|---|
| Number of Appeals | 3,914 (lowest in 25 years) |
| Number of Appeals to STC | 501 (nearly double 2016 count) |
| Net Change in Value | ($526,947,970) |

**BOE Historical Appeal Volume**

# Property Tax Division

## Accomplishing Our Mission – Statistics Section

| Tax Year | Value Before BOE | Value After BOE | Change in Value | Percent Change |
|---|---|---|---|---|
| 2017 | $8,744,207,520 | $8,217,259,550 | ($526,947,970) | -6.03% |
| 2016 | 10,533,348,260 | 9,804,691,660 | (728,656,600) | -6.92% |
| 2015 | 8,736,587,190 | 8,291,747,930 | (444,839,260) | -5.09% |
| 2014 | 9,043,925,540 | 8,395,177,570 | (648,747,970) | -7.17% |
| 2013 | 7,756,518,780 | 7,225,895,080 | (530,623,700) | -6.84% |
| 2012 | 6,323,109,260 | 5,723,715,730 | (599,393,530) | -9.48% |

Salt Lake County Auditor

# Property Tax Division

## Major Initiatives – 2018

### Online Property Assessment Appeal Filing

- Developed an **online appeals process** to guide taxpayers through filing an appeal and that populates the correct fields on the appeal forms.

- Go-live August 1, 2018. We have received 390 appeals through the online application (13%). Compared to 560 mailed-in appeals (18%). Most appellants still deliver their appeal in-person.

### eNotices Program

| Notices of Valuation and Tax Changes (NOVs) – 2018 | |
| --- | --- |
| No. of Parcels in SLCo | 366,299 |
| Paper NOVs Mailed | 332,852 |
| Paper NOVs Returned | 5,368 (5,737 in 2017) |
| No. of eNotices Subscribers | 58,891 |
| eNOVs Opened (prior to cut-off) | 33,447 |

# Property Tax Division

## Major Initiatives – 2018

### eNotices Program (Continued)

- First official go-live July 2018.
- Partnership with the County Treasurer to encourage property owners to receive their NOVs and Tax Notices electronically.
- Convenient, Reduces Costs, Saves Taxpayers Money
  – Our single largest operational expense each year is the postage for the paper NOV. (Approx. $170,000/year).
  – eNOVs saved approximately $13,000 in postage costs this year.

### Paperless Workflows and Process Improvement Initiative

- 199,956 records scanned and indexed (2,755,733 pages) and counting…
- Digital document management increases efficiency by making access to important taxpayer records quicker and easier for other agencies.
- Currently includes BOE records, exemption applications, CRA project area documents, and taxing entity documents.
- Still a lot of work ahead of us.

# Audit Services Division
## Our Mission

*The mission of the Audit Services Division is to foster informed decision making, strengthen the internal control environment, and improve operational efficiency and effectiveness for Salt Lake County, through independent and objective audits, analysis, communication, and training.*

## Audit Services Division Staff

- The Audit Services Division staff have a combined total of over 100 years of audit experience at Salt Lake County, and many have obtained several different professional certifications.
- Professional Certifications held by the Audit Services Division staff include:
  - 6 – Certified Internal Auditors (CIA)
  - 2 – Certified Public Accountants (CPA)
  - 1 – Certified Information Systems Auditor (CISA)
  - 2 – Certified Fraud Examiners (CFE)

# Audit Services Division

## Accomplishing Our Mission

**Audits, Special Projects, and Investigations**

- Audits listed on our audit plan, including financial, compliance, and performance audits, key control audits, capital projects audits, IT audits, grant funding audits, contract audits, and follow-up audits.

- Special projects including consulting engagements and other non-assurance activities such as prospective analyses or cost comparisons.

- Investigations into alleged ethics or integrity violations such as misconduct, fraud, waste, abuse, illegal acts, or acts of noncompliance.

# Audit Services Division

## Accomplishing Our Mission – Statistics Section

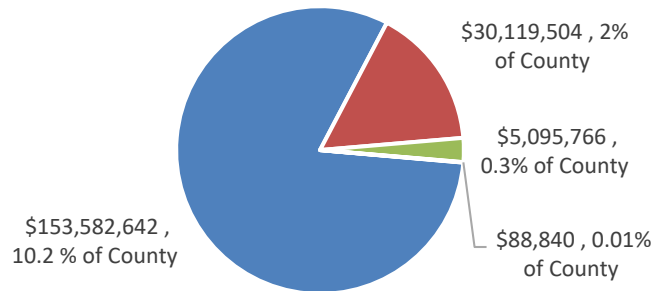### Audit Projects Completed by Year

| Audit Activity Type | 2018 | 2017 | 2016 |
|---|---|---|---|
| Audits | 42 | 23 | 23 |
| Capital Project Audits (New in 2017) | 0 | 2 | 0 |
| IT Audits | 3 | 0 | 1 |
| Integrity Services/Investigations | 1 | 3 | 0 |
| Special Projects | 3 | 14 | 5 |
| Totals | **49** | **42** | **29** |

# Audit Services Division

## Audit Coverage in 2018

### Revenues Subject to Audit - 13% of County Budget

$30,119,504 , 2% of County

$5,095,766 , 0.3% of County

$88,840 , 0.01% of County

$153,582,642 , 10.2 % of County

■ Financial Audits  ■ Key Control Audits  ■ Fraud Investigations  ■ Limited-Scope Audits

### Expenditures Subject to Audit - 22% of County Budget

$38,023,189 , 2.5% of County

$13,223,057 , 0.9 % of County

$88,840 , 0.01% of County

$279,160,734 , 18.6% of County
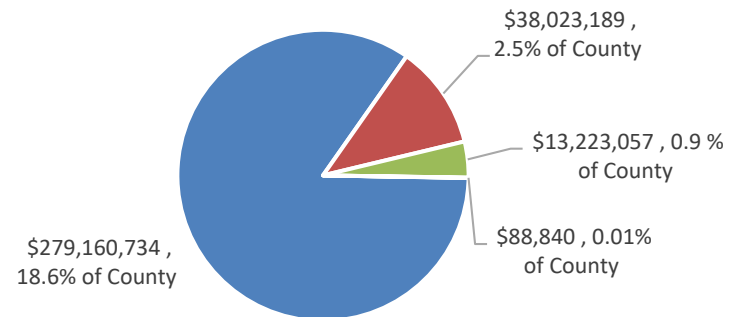
■ Financial Audits  ■ Key Control Audits  ■ Fraud Investigations  ■ Limited-Scope Audits

# Audit Services Division

## Accomplishing Our Mission – Statistics Section

### Findings/Issues Identified and Recommendations for Improvement

| Findings & Recommendations | 2018 | 2017 | 2016 |
|---|---|---|---|
| Findings/Issues Identified | 254 | 191 | 182 |
| Recommendations | 272 | 186 | 182 |

# Audit Services Division

## Major Initiatives – 2018

### Countywide Risk Assessment

**Introduction:** A risk assessment is a systematic process of evaluating potential risks at an organization. Conducting risk assessments prior to audit engagements is a standard in the audit profession. The goal of the risk assessment is to aid in developing an annual risk-based audit plan for the Audit Services Division. Furthermore, conducting a countywide risk assessment fulfills the Auditor's statutory duties found in *Utah Code Ann.§ 17-19a-204-2, Auditing services*.

**Results:**

- Agencies Evaluated: 41
- Agencies that did not participate: 5
- Risk areas covered: Operational, Financial, IT, Strategic, Compliance, Reporting
- Stronger focus on risk-based auditing

# Audit Services Division

## Major Initiatives – 2018

### Purchasing Cards (P-Cards) Continuous Auditing

- The County spends about $17.8 million each year using P-Cards
  - CWP 7021 *"Small Cost Purchasing Procedures"*

- Data analytics allows us to review 100% of P-Card transactions - Continuously

- What are we looking for?
  - Split Purchases > $5,000
  - Prohibited Merchant Category Codes (MCCs)
  - Duplicate Transactions – Processing Errors or Intentional Double Charges

- Eight months of results (1/1/18 to 8/31/18)

| Test Type | Issues | Total $ Amount | Rem. | Total $ Amount | Open | Total $ Amount |
|---|---|---|---|---|---|---|
| Split Transactions | 1,142 | $1,211,700 | 1,010 | $1,125,458 | 132 | $86,242 |
| Duplicate Transactions | 607 | $241,777 | 478 | $192,416 | 129 | $49,361 |

# Audit Services Division

## Major Initiatives – 2018

### ACL GRC Implementation

### Electronic Workpaper Management System

**Introduction:** Audit workpapers are documents which record evidence, results, and conclusions for all audit work. Having an efficient and effective workpaper management process is critical to the Auditor's Office operations and aligns the office with professional standards.

**Results:**

- Greater alignment with professional standards.
- Greater security over documents and information.
- Database storage of information.
- Dashboards, visualizations, and reports that improve workpaper management and management oversight.

# Audit Services Division

## Major Initiatives - 2018

### ACL GRC Implementation

### Agency Response Questionnaire

**Introduction:** The audit process provides County agency management the opportunity to respond to each audit finding or issue with an Action Plan. This is formally called an Agency Response. Agency responses to audit reports ensure objectivity, foster improvement, and enhance communication. Responses are clear and concise, and when properly written, concentrate on an Action Plan addressing the findings or issues identified during an audit. The goal of the audit response questionnaire was to develop a process to facilitate agency responses.

**Results:** An internet based questionnaire was made that allows agencies to save and submit responses after clicking a link to the electronic form. The questionnaire requests a detailed response to recommendations for each finding. Information is received into a database which aids the Auditor's Office in tracking and analyzing each response.

# Auditor's Budget Overview

## Budget Comparison – 3 Years

| General Fund/110 | 2018 | 2017 | 2016 |
|---|---|---|---|
| Compensation & Benefits | $1,796,060 | $1,730,787 | $1,793,585 |
| Operations | 185,675 | 185,675 | 185,675 |
| Totals | **$1,981,735** | **$1,916,462** | **$1,979,260** |

| Tax Fund/340 | 2018 | 2017 | 2016 |
|---|---|---|---|
| Compensation & Benefits | $1,238,666 | $1,132,448 | $996,207 |
| Operations & Capital Purchases | 293,770 | 293,770 | 304,475 |
| Overhead/Indirect Costs | 474,573 | 235,417 | 182,481 |
| Totals | **$2,007,009** | **$1,661,635** | **$1,483,163** |

Salt Lake County Auditor

# Auditor's Budget Overview
## 2019 Budget Request

| General Fund/110 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|
| Compensation & Benefits | $1,886,298 | $1,796,060 | $1,730,787 | $1,793,585 |
| Operations | $143,105 | $185,675 | $185,675 | $185,675 |
| Totals | **$2,029,403** | **$1,981,735** | **$1,916,462** | **$1,979,260** |

| Tax Fund/340 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|
| Compensation & Benefits | $1,121,100 | $1,238,666 | $1,132,448 | $996,207 |
| Operations & Capital Purchases | $330,050 | $293,770 | $293,770 | $304,475 |
| Overhead/Indirect Costs | $474,573 | $474,573 | $235,417 | $182,481 |
| Totals | **$1,906,093** | **$2,007,009** | **$1,661,635** | **$1,483,163** |

| Fund | 2019 | 2018 | Variance |
|---|---|---|---|
| General Fund/110 | $2,029,403 | $1,981,735 | $47,668 |
| Tax Fund/340 | $1,906,093 | $2,007,009 | ($100,916) |
| Totals | **$3,935,496** | **$3,988,744** | **($53,248)** |

Salt Lake County Auditor

# Auditor's Budget Overview



Auditor's Expenditures Budget v. Actual Comparison