

Auditor's Report

Overview and Current Challenges

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Salt Lake County Auditor

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The Salt Lake County Auditor's Office

Who We Are

Executive Team

- Elected County Auditor, Chief Deputy Auditor, Senior Advisor

Office Administration & Fiscal

- Administrative and Fiscal Manager, Fiscal & HR Coordinator, Office Coordinators

Audit Services Division

- Division Administrator, Audit Manager, Senior Auditors, Staff Auditors

Property Tax Division

- Division Administrator, Assistant Division Administrator, Property Tax Supervisor, Senior Property Tax Analyst, Business Systems Analyst, Property Tax Analysts, Tax Administration Assistants

Current Total FTE Count: 24



Property Tax Division

Our Mission

The mission of the Salt Lake County Auditor's 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.

Duties and Responsibilities

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 the taxes. (§§59-2-320 through 59-2-329)



Property Tax Division

Duties and Responsibilities

Auditor's Notice of Valuation and Tax Changes (NOV)

- The Auditor notifies all property owners within Salt Lake County of the assessed value of their property and the proposed property taxes on or before July 22nd 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.
- Appeal filing begins August 1st and ends September 15th.

Board of Equalization Quick Stats – 2018 & 2017 Sessions

BOE Session Year	2018	2017	Comments
Number of Appeals to BOE	4,106	3,914	2017 was the lowest number of appeals filed in over 25 years.
Number of Appeals to STC	367	501	2017 saw a higher than usual volume of appeals denied at BOE and move on to the State Tax Commission.
Net Change in Value	(\$653,893,900)	(\$526,947,970)	Net change in appealed property market value.

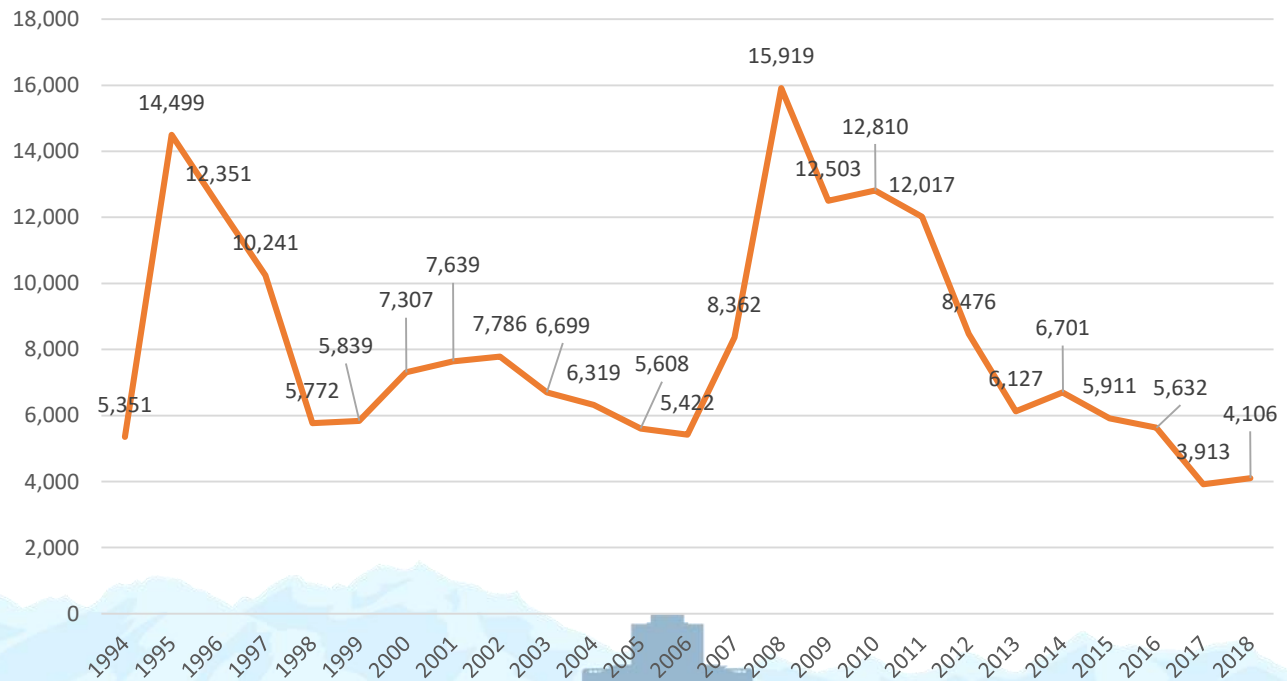




Property Tax Division

Duties and Responsibilities

Total BOE Appeal Volume by Year (1994 to present)





Property Tax Division

Duties and Responsibilities

Net Changes in Appealed Property Values After Each BOE Session (2011 – 2018)

Year	Market Value Before BOE	Market Value After BOE	Net Change in Value	% Change in Value
2018	\$11,939,454,400	\$11,285,560,500	(\$653,893,900)	-5.48%
2017	8,742,654,220	8,215,706,250	(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%
2011	8,382,785,220	7,547,591,440	(835,193,780)	-9.96%



Property Tax Division

Duties and Responsibilities

Charitable, Religious, and Educational Property Tax Exemptions

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

Community Reinvestment Agencies (Formerly RDAs, EDAs, CDAs)

- The Auditor determines amounts payable from each taxing entity to Community Reinvestment Agencies (CRAs) through tax increment financing.
- Taxing entities throughout the County contributed \$95,744,050 to CRAs in 2018.
- Salt Lake County contributed \$16,774,021 to CRAs in 2018.

Property Tax Division

Duties and Responsibilities

Delinquent Property Tax Sale (“May 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)

Tax Sale Quick Stats – May 23, 2019

Certified Tax Sale List (March 15 th)	285	Delinquent Property Taxes (March 15 th)	\$2,773,655
Withdrawn or Redeemed Prior to Sale	246	Delinquent Taxes Collected Prior to Tax Sale	\$1,472,633
Remaining Available for Sale	39	Delinquent Taxes on Day of Tax Sale	\$41,450
Parcels Sold at Tax Sale	32	Total Bid Amount for Parcels Sold	\$116,852
Parcels Struck to County (no bids)	7	Total Delinquent Taxes Collected at Tax Sale	\$39,444





Property Tax Division

Strategic Initiatives and Programs

Online Property Assessment Appeal Filing Program

- Launched the **Online Appeals Web App** on August 1, 2018. Just in time for the 2018 BOE Session.
- This was a first for Salt Lake County AND the state of Utah.
- The goal was to make the appeal process more accessible and intuitive for property owners.
- The web app guides property owners through the appeal application process and populates the appeal forms with the information that they enter online.
 - 390 appeals through the online web app (13%) – 2018.
 - 560 appeals mailed-in (18%) – 2018.
 - **2019 online or electronic appeal numbers are impressive!**



Property Tax Division

Strategic Initiatives and Programs

eNotices & Auditor's eNOV Program

- First official go-live – started in July 2018 – **Auditor's Notice of Valuation and Tax Changes & Treasurer's Official Tax Notice.**
- The eNotices Program is a partnership with the **County Treasurer** to encourage property owners to receive their important property tax notices (**eNOV & eBill**) electronically via email.
- Convenient, reduces costs, saves taxpayers money.

eNOV Program Quick Stats – 2019 & 2018			
Year	2019	2018	% Change
Total Parcels	371,030	366,299	+1.29%
Paper NOVs Mailed	337,689	332,852	+1.45%
eNOV Subscribers (parcels)	63,639	58,891	+8.06%
Successful eNOV Deliveries (opened prior to cut-off)	33,341	33,447	-0.32%
NOV Postage & Printing Cost Savings (approx.)	\$15,000	\$15,000	+0.00%



Property Tax Division

Strategic Initiatives and Programs

Digital Transformation and Process Improvement Initiative

- 199,956 records scanned and indexed (2,755,733 pages) and counting...
- Digital document management increases efficiency with quicker and easier access to important taxpayer records between the Auditor's Office and other County offices.
 - Results in less paper shuffling between offices.
 - Streamlined workflows without the need to print hundreds of thousands of pages of documents.
- Streamlines the appeals process through the various offices:
 - Auditor's Office
 - Assessor's Office
 - Council's Tax Administration
 - Treasurer's Office
- Currently includes BOE records, CRE exemption applications, CRA project area documents, and official taxing entity documents and records.
- County's EDMS (SIRE) Replacement Project is a challenge that needs to be addressed for us to proceed.



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.

Accomplishing Our Mission

Maintaining a Highly Competent and Qualified Audit Staff

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

**Includes Elected County Auditor and Chief Deputy Auditor*

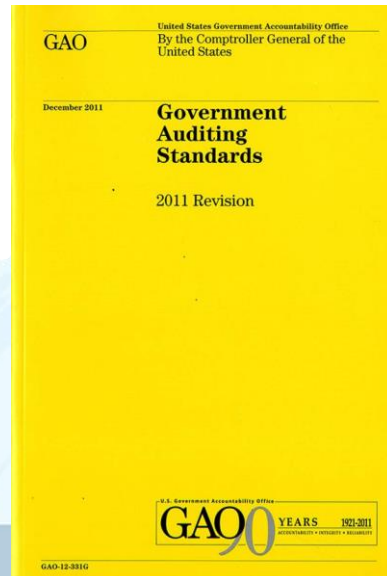


Audit Services Division

Accomplishing Our Mission

Maintaining a Highly Competent and Qualified Audit Staff

- Why is this important? Certification and training ensures high quality audits, but also means:
 - Continuing professional education (CPE) requirements – auditors stay up to date on current auditing professional practices.
 - Audit staff adhere to a professional code of ethics.
 - Audits are conducted in accordance with auditing standards.



Audit Services Division

Accomplishing Our Mission

Audit Project Stats by Year

Audit Activity Type	2019	2018	2017	2016
Planned Audits	19	45	25	24
Integrity Services/Investigations	1	1	3	0
Special Projects	4	3	14	5
Totals	24	49	42	29

Findings & Recommendations	2019	2018	2017	2016
Findings/Issues Identified	246	254	191	182
Recommendations for Improvement	295	272	186	182





Audit Services Division

Strategic Initiatives and Programs

Countywide Risk Assessment and Annual Audit Schedule

- Systematic process of identifying and evaluating risks throughout the County.
- The goal is to aid the Auditor in developing an annual risk-based audit plan for allocating limited audit resources in a practical and objective way that addresses key risks.
- Consistent with the Auditor's statutory duties found in *Utah Code Ann. § 17-19a-204-2, Auditing services*.

Audit Recommendation Follow-up Program

- Audit standards require auditors to monitor the implementation of recommendations for improvement or corrective action taken to address issues identified in prior audits.
- First follow-up occurs 6 months after audit is complete.
- Second (final) follow-up occurs 12 months after audit is complete.
- Follow-up audit report issued, and audit project is closed out.
- **Began first official follow-up audit in 2019.**



Audit Services Division

Strategic Initiatives and Programs

Purchasing Cards (P-Cards) Continuous Auditing Program

- The County spends \$17.8 million annually using p-cards for all types of small cost expenditures, including office supplies, office furniture, subscriptions, IT hardware and software, travel, etc.
- Data analytics allows us to review 100% of P-Card transactions – in real-time.
- Potential issues are identified. Cardholders are notified and asked to provide purchase receipts, invoices, or other documents to remediate the issue.
- What are we looking for?
 - Split Purchases > \$3,500.
 - Prohibited Merchant Category Codes (MCCs).
 - Duplicate Transactions due to processing errors or intentional double charges.
 - Red flags for fraud or improper purchases.



Current Challenges

Challenge #1: Employee Retention and Recruitment

- One-fourth of Auditor's Office employees are eligible for retirement today.
 - *This could have a huge impact on continuity of operations for the Auditor's Office.*
 - Loss of institutional knowledge and highly specialized skills and abilities.
- Property Tax Division Employees
 - Not a standard career path to draw candidates from.
 - Nature of the work requires years of training and is highly specialized – not easily transferrable outside of the County.
 - Job stability and County benefits are attractive for *long-term* employees.
 - Salaries are stagnant for these long-term employees unless reclassified or promoted.
- Audit Services Division Employees
 - Highly mobile workforce – average 5 – 7 years of service.
 - State of constant turnover and recruitment since January 2015.
 - Standard career path to draw candidates from – accounting, finance, business administration, public administration.
 - Acquire training, skills, and abilities that are transferrable outside of the County.
 - Highly motivated and seeking rapid advancement.
 - Limits on incentivizing and rewarding high performers – leads to frequent employee turnover.

Addressing the Challenge

- Work rotation and cross-training – addressing risks associated with employee retirement and turnover
- Annual Employee Education and Training Plans – investing in our employees
- Requires thinking outside the box when it comes to recruiting for openings
 - Career fairs
 - Local universities and colleges
 - LinkedIn
- Professional Certification Reimbursement Program
- Tying *In-Grade Advancement Plans to Annual Employee Performance Appraisals* to incentivize and reward above average performers – pending HR approval



Current Challenges

Challenge #2: EDMS (SIRE) Replacement Project – aka SharePoint

- This has been an ongoing effort for a long time.
 - One of the first series of meetings that I attended as newly elected County Auditor in January 2015 was to hear proposals from various vendors.
- Acquiring an off-the-shelf system was scrapped in 2018 for SharePoint.
 - Upside – Tremendous cost savings for the taxpayers.
 - Downside – Building a complex system of workflows and an EDMS framework from scratch has been a significant drain on resources and time.
- Customer “demand” for online services is moving the Auditor’s Office further away from printing hard copy documents each year.
 - Online and electronic appeals made up 63% of all appeals filed between August 1st – September 16th, 2019.
 - The Auditor currently prints tens-of-thousands of pages of appeal documents for the Assessor and Council Tax Administration each year.

Addressing the Challenge

- The digitizing and scanning work continues in the Auditor’s Office despite starts, stops, and delays.
- We are building external and internal user interfaces on the “front-end” to be ready for SharePoint. For example, the **Online Appeal Web App**.
- We have mapped out electronic document workflows between offices and communicated with our partners to include them in planning for the future system.