

**Report of Internal Audit  
Tax Assessors  
April-July, 2008**

An audit of the Tax Assessors Office was performed at the request of senior management. The audit was requested as a continuation of a study recently performed by a Continuous Improvement Team. That study included a review of a Functional Assessment Report of 2000.

***Function Assessment Report***

The Functional Assessment Report of 2000 identified three potential opportunities for operational efficiency. These were: (1) Establishment of a career ladder for hard to fill appraiser positions, (2) Replacement of two vehicles, and (3) Add current technology to improve efficiency and allow appraisers to spend more time in the field.

***Continuous Improvement Team***

The Continuous Improvement Team noted that the career ladder for appraisers was only partially completed (first two steps). The two vehicles were replaced with seven down-streamed vehicles. Technology improvements have included the implementation of the Apex software for drawing parcels and structures. This software, while functional, has not been successfully integrated with the OASIS system, so the drawing data must be re-entered, rather than transferred electronically. Some of the department's computers need upgrading with additional memory and larger screens and field appraisers need portable computers for field entry of data.

The Continuous Improvement Team also requested reports and analyzed data on commercial properties that had neither: an appraised value, a taxable value, tax owed value, nor a taxes paid value. With IT assistance, a report was produced that identified 217 parcels of property, with 152 owners with a cumulative appraised value of \$317.2 million and a cumulative tax value of \$125.6 million. This translates into potential taxes owed of \$2.25 million to the City and \$2.935 million to the Muscogee County School District. Due to the re-platting of properties combined for a commercial project and the subsequent map splits and parcel renumbering, about one-third of parcels reported were duplicated. This lowered the potential outstanding appraised value to \$218 million and a taxable value of \$87.2 million. This reflects about \$3.6 million in tax dollars outstanding, of which \$1.56 million would be the City portion and \$2.04 million would be the school district portion. Some of the explanations for the delays in completing assessments include problems with the following:

- Deeds and plats don't match
- Deed discrepancies
- Waiting for map-splits to be done
- Pending BOA approval
- Awaiting 2008 values
- Billing in process
- Corrected
- Billed
- Unknown

The Continuous Improvement Team also noted bottlenecks and other delays due to staffing shortages. Appraisers, in general, are in short supply. Commercial Appraisers are more scarce, as they are not only needed for governmental appraisal work but also are employed by mortgage lenders, commercial banks and fee appraisal firms. It was noted that the improved pay scales have slowed the turnover somewhat and have enabled the Department to attract more applicants. The Commercial Property Division and the Residential Property Division share the support staff, consisting of two deed clerks and one mapping technician. Deed and Map entry into the current system is cumbersome and time-consuming, due to having to complete multiple screens. The Chief Appraiser has had limited time to devote to technology issues due to her involvement in day-to-day operations.

The Continuous Improvement Team recommended technology improvements, completion of the career ladder, additional personnel, additional training, problem oversight, potential penalties and further review by the Internal Auditor.

### ***Internal Audit***

#### **Audit Scope**

The initial scope of the audit was to follow up on the outstanding unbilled commercial parcels, to review the findings and recommendations of the Continuous Improvement Team and identify any other opportunities for improvement within or involving The Tax Assessor Department. The auditor expanded the scope to include a review of any unbilled, unassessed residential properties and to guide the development of the career ladders for appraisers.

#### **Magnitude of Importance**

The General Fund of the Columbus Consolidated Government is comprised of a number of operations that provide services to citizens and visitors of the City maintain its infrastructure, provides public safety services and performs the administrative services and management of the government. Its budget in FY2007 was \$218.7 million of which \$81.7 million, or approximately 40% was derived from Property Taxes, which are produced through the joint efforts of the Board of Tax Assessors and the Tax Commissioner. The Tax Assessors are charged with valuing property in a fair, equitable and consistent manner.

Currently, the Office values over 60,000 residential properties, over 10,000 commercial properties and over 14,000 personal property accounts. Once valuations of the properties are established and recorded, they are furnished to the Tax Commissioner for billing and collection.

The Georgia Department of Revenue requires that the Tax Digest be submitted to them for approval each year, and that revaluations occur at periodic intervals, that commercial properties of similar business types be reviewed for equity as must be done for residential properties. Counties of our size must have a Chief Appraiser with Appraiser Level 4 qualifications to review and submit the digest. Digests that are not approved based on the Georgia Department of Revenue's statistical reviews are subject to costly fines and penalties.

#### Follow-up on Unassessed and Unbilled Commercial Properties

During the course of the audit, over \$2 Million of the tax potential was assessed and notices were sent to the property owners. Following the 21-day appeal timeframe, each parcel valuation is then sent to the Tax Commissioner and billings then occur within a few days. Some the potential properties are not billable, as they represent the "pre-Map-split" properties, which are billed after the parcel is split between its new owners, therefore the total outstanding/pending is substantially less than originally projected. The Chief Appraiser is working the outstanding items spreadsheet and is providing bi-weekly updates to the auditor.

#### Residential Properties with Zero Tax Valuations and Zero Taxes

Due the large quantity of residential properties, the auditor considered it prudent to examine a report of residential properties similar to the one that was done by the Continuous Improvement Team for commercial properties. The initial report included a large number of properties with zero values, due to the property tax freeze. A subsequent report contained only 43 items, representing 13 properties designated for conservation use, 20 awaiting map-splits and approval by the Board of Tax Assessors, 8 awaiting billing, 1 approved for tax exemption and 1 request pending for historic exemption. Most have now be resolved a sent to the Tax Commissioner for billing.

#### Departmental Staffing

The Tax Assessor Department consists of 22.0 Full-Time Equivalent (FTE) authorized positions, of which 20.5 FTE positions are filled. A Commercial Appraiser position and the Administrative Division Manager position are currently open, with a part-time temporary position being funded from one of the vacant positions. Several years ago amidst budget reductions, 5 vacant positions were eliminated. Three were restored this past year and one additional position is budgeted for FY2009. Property ad valorem taxes account for approximately 40% of general government revenue (the single largest source), so this is not a desirable place to reduce staff, even in the worst of times. The same department in Augusta/Richmond County has 36 positions and Chatham County has 60 positions. Arguably, the Department is understaffed and lacks the capacity to

handle much more than ordinary transaction volume. Open record requests, appeals, software upgrades, requests for non-taxability, records conversion and building career ladders to recruit and retain staff present special challenges at current staffing levels. The department is staffed at the same level that it was at the time of consolidation in 1971, while the number of real estate parcels handled has increased from 47, 000 to over 70,000. Personal property accounts have experienced similar growth.

One of the most critical problems noted during the audit is that 6 of the 7 appraisers with a Level 2 or above license are eligible to retire in 0-5 years, and the other Level 2 appraiser could retire in less than 7 years. Due to the time it takes to complete appraiser courses and examinations, the department could face a critical shortage of level 3 and 4 appraisers, which are required to certify the digest with the State of Georgia. Currently, staff is either; very experienced and close to retirement age; or is very short in tenure and is only certified at the lower levels. The career ladder recommended in 2000 is badly needed. During the audit, career ladders were developed and are ready for the Human Resources Department to have the UGA consultant rate the new position levels. The career ladders are essential to the recruitment and retention of middle to upper level appraisers. Improved pay scales should also enable a more competitive position in an appraiser market that is in short supply.

#### Anticipated Residential and Commercial Digest Growth

Commercial properties continue to increase as the Columbus community serves as a retail hub for a 50+-mile radius around the City. This will exacerbate as BRAC and local corporate expansions continue and new residents are attracted to Columbus and the surrounding areas. While some of the residents may settle in surrounding communities, virtually all of the commercial development will fall within the City, with some spillover into the Phenix City area.

#### Commercial Property Division Staffing

The Commercial Real Estate Division consists of a Division Manager and two appraisers and one vacant appraiser position. This Division is supported by: 2 deed clerks, and 1 Mapper/Appraiser, all of whom also support the Residential Real Estate Division. This Division is the leanest of all of the Divisions, while dealing with the most complex tax issues. It must also combat efforts by banks, mortgage lenders and appraisal firms to hire its experienced staff members.

#### Commercial Property Issues

In reviewing the outstanding/pended commercial parcels, deed problems accounted for over two dozen, of which several were significant. Deed problems generally consist of clerical mistakes regarding legal descriptions, addresses and platting that don't match. It is time-consuming and frequently difficult to get attorneys to correct these issues after they have been paid and their clients have building permits and/or certificates of occupancy. In several instances, plats of sub-divided properties were not obtained before permits and certificates of

occupancy were issued. In other cases, addresses assigned by City staff were found to be incorrect and inconsistent with other adjacent properties or normal street numbering convention.

Another critical issue that hinders the processing of commercial tax assessments is incorrect GIS tax maps. A review of a several dozen maps by this auditor revealed that an unusually high percentage of the GIS (Geographical Information System) produced maps do not match the hard-copy blue line maps. It appears that all maps were not proofed or aligned with the blue line maps. As a result, the maps were found to be off by up to several hundred yards. One map indicates the western boundary of Muscogee County and hence the Georgia state line, to be on the east side of the Chattahoochee River, placing the river and a large section of the Columbus River walk in Alabama. Others showed property lines splitting houses, inconsistent with deeds and the blue line maps. While some have been corrected, (usually at the request of the Mapper/Appraiser), the precision is not currently satisfactory for the level required of tax maps. The blue-line hard copy maps should to be maintained by the Engineering Department until the Tax Assessors are comfortable with the GIS Tax maps. The GIS maps are adequate for noting the general location of parks, landmarks, shopping areas, etc.

#### Technology Issues

The Department needs some technology improvements, ranging from a major software upgrade to better equipment. The OASIS System currently in use is Version 7.0. The current release is Version 9.0. Versions 10.0 and above, are available as cafeteria-style updates. Higher-level software in the series is IAS and IAS World. The IAS World version has significant mapping capabilities including an interface with APEX, the drawing system used by the Department. It also has the capability for attaching scanned documents to its parcel records. Several other Georgia counties including Fulton, Gwinnett and Forsyth are using or are in process of conversion to IAS World. An upgrade plan suggested at the software conference would move the City from Version 7.0 to Version 9.0 as a first step. The second step would take the City from Version 9.0 to IAS World. This could reasonably be accomplished over the next two and one-half years. This would be a much cheaper alternative than buying and converting to a new system. Hardware improvements needed include a better scanner, additional memory in the computers and larger monitors for the Deed Clerks and the Mapper/Appraiser. Also, portable computers could enable the appraisers to enter much of their data while in the field. Printers and fax machines also need to be reviewed for upgrade or replacement.

#### Recommendations

1. Fill the vacant Administrative Manager and Commercial Appraiser positions.
2. Adopt and implement the career ladders for appraisers and support staff. This is essential for the recruitment and retention of appraisers and support staff.

3. Advertise the new position included in the FY2009 budget as soon as adopted by Council. An additional Mapper/Appraiser should be a high priority, due to the number of pended commercial and residential assessments awaiting map-splits. If a second additional position were funded, a paralegal with a real estate legal background could be instrumental to the coordination of cleaning up deed problems, legal descriptions and obtaining plats.
4. Formulate an implementation strategy/plan for upgrading software and equipment with the IT Department. This should include the scanning and indexing of property cards, correct of Doc.Depot information and the integration of the Apex mapping tool software.
5. Develop or purchase training programs for in-house course requirements for staff. These courses should include customer service, telephone etiquette, ethics, use of GIS maps, routing and tax map identification and proficiency tests of clerical skills.
6. Utilize City training resources for Microsoft Office Productivity Suite training to include Excel, Word, Access and PowerPoint.
7. Provide coaching/mentoring classes for Appraisers to enhance their success rates on Appraiser Examinations and advancement.
8. Expand departmental space to provide adequate work and storage area for current and projected staffing needs.
9. Develop GIS layers to meet the needs of the appraisal staff.
10. Establish a pro-active recruitment program to attract recent high school, technical and college graduates into the appraisal field.
11. Develop a continuity plan to ensure that adequate management and professional staff will exist to fulfill the duties of Board of Tax Appraisers.
12. Require the Engineering Department to maintain the blue line hard copy tax maps until the Assessors are satisfied with the accuracy and precision of the GIS tax maps.
13. Use a collaborative approach between the Planning, Permitting, Inspections, Development and Tax Appraisal Departments to ensure that all plats, deeds, address numbering and other documents are received by the City and are accurate and complete, before issuing permits and certificates of occupancy for commercial and residential developments. A checklist requiring each party to "sign off" could be used to ensure the City will be able to collect taxes on the investment that it has made in the development.

## **Auditee Response**

After reviewing the report, Chief Appraiser, Betty Middleton, indicated general agreement with the audit findings and recommendations. She then asked that the auditor present them to staff for their information and comments. She stated that she and the Division Managers would prioritize a plan of implementation for the Department.

The initial thrust was to fill the vacant positions to accomplish completion of the influx of work that comes each time tax notices are mailed. Employees were scheduled for classes necessary to advance to the next certification level, enabling a management succession plan to address the large number of impending retirements of senior personnel and management in the next few years. Expansion of the tax mapping function was set as a priority to support the residential and commercial appraisal activities, as it sometimes backlogs the appraisal activities.

The next task targeted is the completion of a file conversion project in the Personal Property Division. This has been in process for several years but can be completed more rapidly with the addition of a staff member.

The Oasis software upgrades will be coordinated through the IT Department as funding becomes available. This is a costly and significant project and will take several years to complete.

Additional space will be planned for the future as the City moves forward with its plans for a Citizens Service Center. Increase space for staff and records storage will be included.

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