

**Date:** 2023-10-27

**Subject:** **Property Tax Audit 2023**

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**Report Number:** CAO's Office-2023-938

**Improvement Required****Recommendations:**

1. That the report titled: Property Tax Audit Report 2023, to the Audit Committee Meeting of November 7, 2023, be received and the recommendations contained in **Appendix 1: Property Tax Audit Report** be approved.

**Overview:**

The report highlights findings that limit options available to property owners, impact the timing and completeness of information transmitted to MPAC and reduce the efficiency with which City staff administer property tax billing and collections.

The overall audit was rated as **“Improvement Required.”**

The audit noted the following strengths relating to controls and processes around Property Tax:

- Property Taxes for City of Brampton, Region of Peel and School Boards are calculated accurately and in accordance with relevant legislation
- Assessment rolls are thoroughly analyzed and audited for property tax classification and assessment value accuracy
- Effective controls are in place to ensure property assessments from MPAC are uploaded accurately and completely in the tax billing system
- Property Tax bills are accurate, distributed on schedule and in accordance with relevant legislation
- Rebate (Senior, disability, charity) and tax deferral programs are administered effectively and in accordance with relevant legislation


The issues and associated management action plans are detailed in the body of the audit report located in **Appendix 1: Property Tax Audit 2023 Report**.

See **Appendix 2** and **Appendix 3** for the criteria for rating findings and audit report rating.

Please also see **Appendix 4** for the presentation slides for this audit report.

Internal Audit discussed the following improvement opportunities with Taxation and Assessment:

Process	Finding	Rating
<p>1. Lack of electronic billing and online enrolment for pre-authorized payment plans</p>	<p>Certain common features in place at other municipalities are not available at the City;</p> <p>i) Electronic billing is not available. Currently, all property tax bills are paper and mailed through Canada Post. Property taxpayers do not have the option to view bills online due to the limitations of the current IT platform.</p> <p>ii) Online enrolment for pre-authorized tax payment plans (PTP) is not available. Currently, all PTP applications must be printed from the City website, manually filled out, matched with a copy of a void cheque, and mailed to the City where it is then manually processed by Property Tax.</p>	<p>P2</p>
<p>2. Building permit data transmitted to MPAC is not always complete or timely</p>	<p>The monthly transmission of building permit data sent to MPAC is not always complete or timely;</p> <p>i) Building permit status changes are not automatically reported to MPAC. The monthly report includes all building permits opened in the prior month, however, there is no report sent to MPAC that captures when these building permits are closed.</p> <p>ii) Building permit uploads are not properly monitored. Throughout the audit period there were 971 building permits that were not resubmitted to MPAC timely, after failing to upload. Some permits from 2020 were not resent until October 2023.</p>	<p>P2</p>
<p>3. Mitigating controls over system user access should be strengthened.</p>	<p>The system used for property tax calculations and billing (TXM) does not have inherent controls to prevent the same user from both entering and approving transactions.</p> <p>A TXM transaction report for all functions, to detect, after the fact, whether the same user has</p>	<p>P2</p>

	performed incompatible functions is available, however, this report is not being run or reviewed.	
4. Standard Operating Procedures are not always current.	<p>Some Standard Operating Procedures (SOP) and Policies are not up to date.</p> <p>i) Four property tax SOP's have not been reviewed since 2018 or 2019. Another two documents were updated and formalized into SOP's during the audit.</p> <p>ii) The Tax billing and collection Policy currently being followed by staff was completed four years ago but has yet to be approved by the City Council. The Property Tax website shows the old policy which is outdated and no longer followed.</p>	
<p>These issues and associated management action plans are discussed in more detail in <b>Appendix 1</b>. These issues are rated as per the criteria described in <b>Appendix 2</b>.</p>		

**Conclusion:**

Overall, property tax processes operate effectively, and adequate oversight is in place through reviews, reconciliations, and approvals. The audit found no indication that any property tax policy or legislation was contradicted in the calculation, application, billing, or collection of property taxes. However, we noted issues that limit convenient options available to property owners and impact the timing and completeness of information transmitted to MPAC.

Acting on the recommendations provided in the report will improve the City's property tax administration and online services available to property owners.

The overall report rating is determined per the audit report rating criteria explained in **Appendix 3**.

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**Attachments:**

- Appendix 1 - Property Tax Audit Report
- Appendix 2 - Criteria for Evaluating Audit Findings
- Appendix 3 - Criteria for Audit Report Rating
- Appendix 4 - Presentation Slides