

**Date: June 10, 2019**

**To: John Philip, City Assessor**

**From: Craig Trujillo, CPA, Chief Auditor**

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**City of Hartford  
Finance Department  
Assessment Division  
Motor Vehicle Accounts and Operations  
Report 1919**

## **EXECUTIVE SUMMARY**

In accordance with our audit plan for the fiscal year ended June 30, 2019, we completed an examination in May 2019 of selected accounts and operations of the Finance Department Assessor's Office Motor Vehicle Accounts and Operations. The purpose of the examination was to evaluate and test internal accounting and operating controls, transactions processed and make appropriate recommendations. We reviewed the results of our examination with, L.A. Ralls, Finance Director; J. Philip, Assessor, and, other responsible members in the department. The issues, which follow, include recommended operating improvements and management's responses and action steps. We will follow up to make sure that management's action plans, as agreed, are implemented by the due date.

We are pleased to report that the operations were found to be satisfactory. Many of the issues noted in our prior audit were resolved with the implementation of the QDS tax software a few years ago. There were no issues noted that require immediate management attention.

We thank management for their cooperation and courtesies extended to us during the audit.

## **BACKGROUND**

The Assessor's Office of the Finance Department is responsible for establishing the fair market value for all real property, personal property and motor vehicles for local property tax revenue. The Assessor's Office uses the AssessPro system for maintaining real estate assessment data, the G & K system for maintaining personal property assessment data and uses a file obtained annually from the Department of Motor Vehicles that is uploaded to the Quality Data System for the assessment of motor vehicles. As of April 24, 2019, the assessment value of the motor vehicle grand list, for 2016 and 2017 totaled more than \$304.6 million and \$322.2 million respectively.

## **SCOPE**

The scope of our review included examinations of motor vehicle assessments for the October 1, 2016 and October 1, 2017 grand lists and related financial activity primarily for the fiscal year ending June 30, 2019. The following detailed audit procedures and tests were performed:

- Reviews of policies, procedures and controls;
- Reviews and tests of motor vehicle assessment values;
- Tests of tax exemptions;
- Tests of Certificates of Changes; and,
- Tests of system access controls.

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<b>Issue Statement</b>	<b>Management Action Plans</b>
<p><b><u>Issue:</u></b></p> <p>Supporting documentation related to Certificates of Change is maintained in hard copy and stored.</p> <p><b><u>Cause:</u></b></p> <p>The electronic storage function in the QDS system was not fully implemented for Certificate of Change documentation.</p> <p><b><u>Effect:</u></b></p> <p>Manual process for storage is inefficient.</p> <p><b><u>Recommendation:</u></b></p> <p>We recommend that the QDS electronic storage feature be implemented and related procedures documented.</p>	<p><b>Due Date:</b> September 30, 2019</p> <p><b>Responsible Person:</b> J. Philip, City Assessor</p> <p><b>Management Response:</b></p> <p>During the audit period, the Assessor’s offices manually approved and stored Certificate of Change forms/documentation. The office has recently moved to electronic document storage for them within the QDS software. The Assessor’s division is in the process of drafting procedures for this new process with an anticipated completion date of September 1<sup>st</sup> due to the upcoming busy period</p>

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<b>Issue Statement</b>	<b>Management Action Plans</b>
<p><b><u>Issue:</u></b></p> <p>Through our testing we noted two veteran’s exemptions have been applied to two automobiles for several years after the veteran’s death. These exemptions were being used by related individuals that were not a spouse.</p> <p><b><u>Cause:</u></b></p> <p>It appears to be a clerical oversight.</p> <p><b><u>Effect:</u></b></p> <p>An error in the reduction of automobile tax.</p> <p><b><u>Recommendation:</u></b></p> <p>We recommend that management review these two exemptions and take the appropriate corrective action.</p>	<p><b>Due Date:</b> September 30, 2019</p> <p><b>Responsible Person:</b> J. Philip, City Assessor</p> <p><b>Management Response:</b></p> <p>The Assessor’s office (AO) assesses approximately 65,000 vehicles annually. The AO will review the 2 exemptions noted and take the appropriate corrective action necessary. However, once a veteran receives an exemption, it is a permanent exemption that can be legally passed on to spouses upon the veteran’s death.</p>

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