JACKSON COUNTY
Oregon

Internal Audit Report

Property Tax Audit
FY 2012-13

Date: October 31, 2013

Presented to the
Jackson County Board of Commissioners
By the
Internal Audit Program

Audit Team

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JACKSON COUNTY
Oregon

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To: Board of Commissioners
From: Eric Spivak, County Auditor
Subject: 2012-13 Property Tax Audit
Date: October 31, 2013

The attached audit report provides information regarding an audit of property taxes. The audit was included in the fiscal year 2013-14 Internal Audit Plan as part of the work performed annually in support of the County's external audit and ongoing internal control and risk assessment work.

The objectives of our audit were to verify that property tax collections and receivables are accurately recorded and reported and that internal controls are working as intended.

No issues were identified. Audit results have been discussed with the Finance Director and Audit Committee.

The Internal Audit Office appreciates the cooperation and assistance it received from County staff throughout the audit process.

Cc: Audit Committee
Moss Adams Certified Public Accountants

JACKSON COUNTY
Property Tax Audit FY 2012-13

Audit Authority	We conducted our audit in accordance with Codified Ordinance 218 pertaining to the County Auditor. The audit was included in the fiscal year 2013-14 Internal Audit Plan.
Background	Per Jackson County Codified Ordinance Chapter 228 the Finance Director performs the duties of Tax Collector pursuant to ORS 311. As such, the Finance Director is responsible for collecting taxes on behalf of taxing districts within the County and then disbursing the proceeds to the districts. Historically, approximately 95% of taxes levied are collected within the same fiscal year. Total taxes levied for all districts in 2012-13 were $227,728,738. Jackson County's share was $32,620,396. Helion is the tax assessment software system developed for and used by Oregon counties. The system is used to calculate assessments, record payments, and determine amounts to be distributed to the various districts. E1 is the County's financial management system used to record collections and disbursements. In FY 2012-13 the Finance Department implemented an electronic remittance system for the Taxation Office for the purpose of reducing the time required to post payments and to eliminate lock box charges.
Objectives	The objectives of our audit were to verify that property tax collections and receivables are accurately recorded and reported and that internal controls are working as intended.
Scope and Methodology	The scope of the audit covered property tax assessments and payments in FY 2012-13. Audit methodology included: • Walking through two tax distributions to ensure the correct amount was distributed to each district; • Walking through two monthly reconciliations and tracing a sample of four deposits to the bank statements; • Walking through the year-end reconciliation and tying totals to the E1 Financial System; • Verifying the accuracy of tables prepared for the Comprehensive Annual Financial Report; • Reviewing access to the Helion system; and • Tracing a sample of 18 property tax transactions to the General Ledger and recalculating the 2012 tax.
Criteria	Controls should provide reasonable assurance that property taxes will be accurately calculated, recorded and reported.

Privileged and Confidential Information	No information was withheld from the report because it was considered privileged or confidential.
Compliance with Government Auditing Standards	We conducted this performance audit in accordance with generally accepted government auditing standards. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our audit findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.
Audit Findings	***Internal Controls*** *Internal controls over property taxes appear to be working as intended. No significant deficiencies or material weakness in internal controls were noted during the audit.* There are several controls in place to ensure accurate recordation of property tax assessments and payment records. Access to the Helion system is restricted by passwords to ensure only authorized changes occur. To ensure the correct account is credited when payments are made by mail, payment vouchers have a code that is scanned to record the payment in the correct account and year. Banks are provided with lists of valid property tax accounts, so if payment is made via on-line bill pay, the user will be alerted if a non-valid account code is entered. Additionally, if payment is made in person, a receipt is provided that shows the account and year the payment was applied to. Moreover, the Payment Center conducts monthly and annual reconciliations to agree amounts in the Helion system and the County's E1 Financial System. For the period and accounts or payments reviewed: • Only appropriate Assessment and Payment Center staff made changes in the Helion system. • Amounts disbributed to the various districts were correct. • Payments were posted to the correct account. • Payments could be traced to the General Ledger and/or bank statement. • Taxes assessed agreed with tax tables. • Revenue was recognized in the correct period. • Changes in assessed value were communicated to the Tax Collector in a timely manner.

Accuracy of Recorded Taxes and Collections

Taxes collected and receivable appear to be accurate and reconcile between Helion and the County's E1 Financial System.

For the 2012-13 Fiscal Year, Payment Center staff began performing a monthly reconciliation for property tax payments received. The reconciliation agrees amounts received in cash, check, on-line payments, and credit card payments to amounts recorded in Helion and the County's E1 Financial System.

We reviewed two of the monthly reconciliations and the annual reconciliation. All amounts materially tied to Helion and/or theE1 Financial System.

Recommendations

None

Management Response

The audit report resulted in no findings, and therefore no management response was requested.