

City of Detroit

OFFICE OF THE AUDITOR GENERAL

INTERIM REPORT OF
Raymond A. Roth III, CPA, CFE

May 25, 2022

Presented in:

City of Detroit Limited Scope Forensic Audit of Residential Property Assessment





Office of the Auditor General

Mark W. Lockridge, Auditor General

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DATE: June 20, 2022

TO : Honorable City Council

FROM: Mark W. Lockridge, CPA *MWL*
Auditor General

RE : City of Detroit Limited Scope Forensic Audit of Residential Property
Assessment Interim Report Of Raymond A. Roth III, CPA, CFE

CC : Mayor Mike Duggan
Raymond Roth III, Stout Risius Ross, LLC
Alvin Horn, Deputy CFO/Assessor, Office of the Chief Financial Officer, Office
of The Assessor
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Assessor
Jeanet Kulcsar, Director of Strategy, Office of the Chief Financial Officer
John Naglick, Chief Deputy CFO/Finance Director, Office of the Chief
Financial Officer
Jay Rising, Chief Financial Officer, Office of the Chief Financial Officer

Attached for your review is the "City of Detroit Limited Scope Forensic Audit of Residential Property Assessment Interim Report (May 25, 2022) of Raymond A. Roth III, CPA, CFE." and the report contained herein is the product of Stout Risius Ross, LLC. This report is in conjunction with the Office of the Auditor General's "Forensic Audit of Citywide Residential Property Tax Assessments."

We would like to thank the employees of the Office of the Chief Financial Officer, Office of the Assessors for their cooperation and assistance extended to Raymond Roth, III, the employees of Stout Risius Ross, LLC, and to the Office of the Auditor General during this audit.

Copies of all of the Office of the Auditor General reports can be found on the City's Website: <https://detroitmi.gov/government/office-auditor-general>.

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**City of Detroit
Limited Scope
Forensic Audit of
Residential Property
Assessment**

**Interim Report of
Raymond A. Roth, III,
CPA, CFE**

May 25, 2022

Contents

I. Scope of Analysis and Disclosures	3
II. Qualifications	4
III. Background.....	5
IV. Executive Summary	7
V. Documents Requested and Received	11
VI. Guidance Related to Effective Assessment and Internal Control.....	13
VII. Analysis of Detroit’s Residential Assessment Activities	17
VIII. Recommendations	35
IX. Assumptions and Limiting Conditions	38



**City of Detroit
Limited Scope
Forensic Audit of
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Assessment**

**Interim Report of
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May 25, 2022

Exhibits

Exhibit A.....List of Documents Requested, Received and Items Outstanding
Exhibit B.....Curriculum Vitae
Exhibit C.....Review of Policies and Procedures
Exhibit D.....Parcel Differences Between Treasury and Assessment

I. Scope of Analysis and Disclosures

1. Stout was initially hired to perform an independent, comprehensive, and forensic analysis of residential property assessments, as well as a review of internal controls, from January 1, 2010 through December 31, 2016 through the City of Detroit's ("City") Office of the Auditor General ("OAG"). Stout's analysis was to include the review and analysis of available parcel documentation, residential parcel review and an internal control review. This initial scope period is herein referred to as the "Pre-Reappraisal Period."
2. The scope of Stout's analysis was subsequently expanded to the January 1, 2017 through December 31, 2020 period herein referred to as the "Post-Reappraisal Period."
3. Pursuant to terms of its contract, Stout regularly communicated progress to the OAG and developed specific analyses and procedures, pursuant to the scope of the contract, with the OAG. The OAG intends to conduct certain analyses in follow-up to its Performance Audit of the Finance Department Assessments Division ("OAG 2011 Performance Audit") as well as findings recommendations documented in this report.
4. This interim report summarizes our initial work to date as well as recommendations from that work. All of the conclusions and recommendations presented in this report are based on information that has been made available to Stout. These conclusions and recommendations are considered final unless new information is provided relevant to analyses performed, which in that case, Stout reserves the right to update this report if any new information is made available.
5. A detailed list of the sources of information requested, received and items that remain outstanding is presented in **Exhibit A**. My curriculum vitae, which includes lists of publications and relevant presentations, is presented in **Exhibit B**.

II. Qualifications

6. I am a Director in the Disputes, Compliance & Investigations Group at Stout. Stout is a global financial and operational advisory services firm serving a variety of businesses in numerous industries and countries. Stout focuses its services in the areas of Investment Banking; Valuation Advisory; Transaction Advisory; and Disputes, Compliance, and Investigations. Stout has over 500 professionals located in offices worldwide.
7. I am a licensed Certified Public Accountant (“CPA”) in the State of Michigan and a Certified Fraud Examiner (“CFE”), with 17 years of experience providing a wide range of professional consulting services.
8. I have consulted with federal regulators, municipalities, boards of directors, lawyers and their clients, and other decision makers regarding business, economic, and financial issues related to financial and procedural investigations both inside and outside the filing of litigation.
9. I received a Bachelor of Business Administration, with a focus in Accounting, degree from Cleveland State University in 2005.
10. I am a member of the American Institute of Certified Public Accountants (“AICPA”), Association of Certified Fraud Examiners (“ACFE”), and the immediate past Chairman of the Michigan Association of Certified Public Accountants (“MICPA”) Fraud Task Force.
11. With the aforementioned education, training, and experience, I am well qualified to present the information contained herein.

III. Background

12. The Office of the Assessor (“Assessments Division”) is a division of the Office of the Chief Financial Officer (“OCFO”) and is headed by a three-member Board of Assessors.¹ The Board of Assessors is tasked with certifying the assessment roll to the City’s board of review. Further, the City’s Charter states the Assessors “shall prepare the tax roll by spreading property taxes ratably on the assessment roll on or before the date provided by ordinance and shall deliver the tax roll to the Treasurer in the manner provided by law.”²
13. On September 10, 2012, the OAG submitted a Report on its Performance Audit of the Finance Department Assessments Division (“OAG 2011 Performance Audit”). The OAG 2011 Performance Audit was conducted with the scope of “an independent review and assessment of the effectiveness and efficiency of the Finance Department Assessments Division’s operations and its compliance with finance directives, policies, plans, procedures, laws, and regulations regarding its operational performance during the period of July 1, 2008 through June 30, 2011.” The audit concluded with the following findings and recommendations:
 - a. Assessing activities need to be more efficient and effective, and require additional internal controls;
 - b. Data management activities require more efficiency, effectiveness, and additional internal controls;
 - c. The Assessments Division needs to use discovery information more efficiently and effectively;
 - d. The Assessments Division lacks sufficient internal controls over purchases and does not effectively monitor contracts;
 - e. The Assessments Division did not provide or retain sufficient documentation to support revenues and taxes collected;
 - f. The Assessments Division does not adequately safeguard public property and other original records;
 - g. The Assessments Division does not fully comply with record retention policies, procedures, City and State laws;
 - h. Improper accounting for revenue contracts;
 - i. Lack of sufficient internal controls over capital assets; and
 - j. Non-compliance with year-end closing procedures.

¹ City Charter, City of Detroit, Sec. 6-304.

² City Charter, City of Detroit, Sec. 8-402.

14. As part of its findings related to the need for greater effectiveness, efficiency, and internal controls, the OAG 2011 Performance Audit also found that 66.7% of its sampled properties were in override,³ while a representative within the Assessor's Division estimated this figure to be as high as 92%.⁴
15. On February 11, 2014, the State Tax Commission ("STC") sent a letter to Gary Evanko, Chief Assessor, notifying him of deficiencies found by Tax Management Associates through a record card review. These deficiencies included the assessment database still being in override.⁵
16. On March 13, 2014, the City provided a corrective action plan to the STC in response to the study conducted by Tax Management Associates. This plan stated several common actions including a citywide reappraisal to bring the computer assisted mass appraisal ("CAMA") system out of override, establishment of land values, separating land values from improved values, and accessing street-view and aerial imagery.⁶ In February 2015, John Ryan began work as the STC Monitor for the Corrective Action Plan.
17. The City, with the approval of the STC, brought its residential properties out of override for the 2017 Assessment Roll.⁷ A Residential Mass Appraisal Report (with valuation date of December 31, 2016) was submitted in August 2017 as a summary of the City's reappraisal project. The report included several highlights of the reappraisal:⁸
 - a. This was the City's first comprehensive reappraisal in 60 years. The impact of the reappraisal resulted in a 10% reduction of property tax assessments for 53% of property owners and a 10% increase in property tax assessments for 41% of property owners. The result has contributed to a higher rate of property owners being current with property taxes from about 67% in 2014 to 79% in 2016 and are projected to be 82% for 2017. Roughly 8,023 or 2% of property owners appealed their assessments.
 - b. Of the 366,840 properties reviewed, 251,550 (or 69%) records had at least one building characteristic that was corrected by Tyler.
 - c. In total, 1.3 million characteristics were changed – an average of 4 characteristics per property.

³ A property is in an "override status" when its assessed value is input as a total amount, versus the system method of calculating a value based on physical property attributes and other assessment criteria. OAG 2011 Performance Audit, p. 9

⁴ OAG 2011 Performance Audit, p. 9

⁵ Letter from Gary Evanko to Michigan State Tax Commission, March 13, 2014

⁶ Chief Assessor for the City of Detroit Letter to Michigan State Tax Commission, dated March 13, 2014, p. 4

⁷ Letter from Alvin Horhn to STC, July 2017.

⁸ Tyler Technologies, Inc. Residential Mass Appraisal Report for The City of Detroit Valuation Date: December 31, 2016

IV. Executive Summary

18. As further detailed throughout this report, I was provided limited documentation for the Pre-Reappraisal Period (January 1, 2010 through December 31, 2016) in which to complete an analysis. Most notably, the Assessments Division did not maintain any documentation that would support its conclusion of residential property assessments. In addition, the Assessments Division, by its own admission, did not meet the criteria outlined by the STC for an effective assessment system.
19. My review of the information provided to me regarding the concluded per parcel assessed values did not agree to the assessed values certified to the STC for each annual period. Analysis of this data identified a general and significant decline in assessed values during the Pre-Reappraisal Period but assessment-to-sales ratios of greater than one, which suggests that assessed values may have exceeded true cash values.
20. Following a citywide reappraisal (“Reappraisal”) that was completed for the 2017 assessment year, the Assessments Division made noticeable improvements that focused on better use of technology as well as its human resources.
21. To keep these records current and compliant with a review of 20% of residential properties annually, the Assessments Division contracts with a service that conducts aerial flyovers of the city where images are captured to allow for desktop reviews instead of requiring an appraiser to physically visit each property. It has been represented that the time savings from the completion of a desktop review as opposed to field review results in a three-fold time savings; i.e. one appraiser doing desktop reviews can complete the same number of reviews as three appraisers conducting field reviews.
22. In addition to better use of technology, the Assessments Division has increased its headcount from 44 in 2016 to 55 in 2020; a 25% increase. Most notably, the number of appraisers has nearly doubled from 11 in 2016 to 20 in 2020. The Assessments Division has also increased the transparency of its operations with regularly scheduled meetings between the Deputy CFO/Assessor and his supervisors and managers. One assessing team member described the Assessments Division as “being led with vision that was not present prior to the Reappraisal as well as being collaborative and solutions oriented.”
23. These changes are reflected in the City of Detroit being named the Assessing District of the Year by the Michigan Assessor’s Association as well as being compliant with the STC’s Audit of Minimum Assessing Requirements (“AMAR”) each year. However, there remains some challenges within the Assessments Division, most notably concerns of insufficient staffing despite the increase in positions.
24. With these changes, the Assessments Division met most criteria outlined by the STC for an effective assessing system but with the biggest ambiguity surrounding sufficient staff. In addition, the per parcel assessed values still

did not agree to the assessed values certified to the STC and other data integrity concerns exist regarding vacant parcels and/or missing information. The Assessments Division can also better document its goals and objectives; identification of risks; and specific policies and procedures.

25. Below are my recommendations for the Assessments Division to consider for continued improvement of its operations.
- a. **Use all Available Budget.** The Assessments Division has not used all of its available budget in any year of the Pre- or Post-Reappraisal Period. A lack of staffing resources was consistently cited among all employees of the Assessments Division I interviewed. However, the absence of staff is not completely from a lack of available budget, but rather from not fully using the budget that is available.
 - b. **Enhance Employee Recruitment and Retention.** As stated above, the lack of staffing is not completely related to a lack of Assessments Division budget, but also the difficulties in recruiting and retaining employees, as will be further discussed in subsequent sections. The Assessments Division, along with the City's Human Resources Department should develop processes that better recruit and retain employees to the Assessments Division. These processes should consider not only compensation related to other jurisdictions but also increased workloads compared to these other divisions, safety considerations for field reviews, opportunities for career advancement and other considerations related to overall job satisfaction.
 - c. **Evaluation of Staffing Needs and Prioritization of Special Projects from City Leadership.** Many of the Assessments Division's employees I interviewed identified special projects that originate from the Mayor's Office and/or City Council that further exacerbate the staffing shortage. The Deputy CFO/Assessor has demonstrated a solutions-oriented approach in complying with these requests but City Leadership may need to be better informed how these requests impact the overall mission of the Assessments Division and identify additional resources to assist in meeting their requests.
 - d. **Development of More Detailed Goals and Objectives.** The Assessments Division has an overall goal and objective to accurately value properties within STC mandated timeframes. However, it has not developed sub-goals and objectives relating to the processes needed to achieve its overall goal and objective. Developing process related goals and objectives will allow for the creation of more specific policies and procedures that will help the Assessments Division maximize its efficiency and effectiveness.
 - e. **Create Formal Risk Assessments.** The Assessments Division has not created any formal risk assessments. Risk is inherent in all business operations for both the public and private sectors. Without

developing risk assessments, the Assessments Division cannot effectively develop systems and processes to first identify its most critical vulnerabilities and then design processes and procedures to mitigate.

- f. **Develop More Detailed Written Policies and Procedures.** The Assessments Division's policies and procedures that were provided to me were lacking critical information to be effective. Most notably, the policies and procedures did not contain overall objectives, the employees/positions responsible for completing tasks and opportunities for review, oversight, and quality control. In addition, the Assessments Division should design policies that specifically relate to critical perceived risks so that it can design control activities that limit its exposure to those risks. To complement policies and procedures, the Assessments Division should also create visual flow charts of policies and procedures that demonstrate the sources and flow of information and the intermediary steps needed, and by whom, to achieve its valuations.
- g. **Preserve Documents and Information that Support Certified Assessed Values.** The Assessments Division's per parcel assessed values do not reconcile with the certified assessed values submitted to the STC. The Deputy CFO/Assessor represented that this is the result of timing differences between the certification and when this data was pulled. The Assessments Division should preserve all values that are certified to the STC as well as any additional support for those values and subsequent changes.

26. In addition to the items noted above, below are additional recommendations for other analyses relating to the operations and integrity of the assessment of residential parcels that can provide valuable insights.

- a. **Analysis of Annual Residential Parcel Review.** The Assessments Division is tasked with reviewing at least 20% of residential parcels each year by City Council.⁹ The Assessments Division has represented that it is in compliance with this mandate, but I have not reviewed any documentation to verify this assertion. In addition, the Assessments Division is unaware of which properties, or even how many, are reviewed through field site visits as opposed to a desktop review using aerial imagery. The aerial imagery is identified as a key piece of technology to supplement staffing shortages, but it was also noted that for certain properties, especially the lowest value properties, this type of review increases the risk of over assessment by not allowing the identification of deteriorated housing quality. By understanding how many parcels are completed through a desktop review the Assessing Division can better determine its staffing needs per STC guidelines. In addition, the Assessing Division can also review the appropriateness of a

⁹ The mandate by City Council is more stringent than the STC's requirement of reviewing only 20% of improved parcels.

desktop review as opposed to a field review with better understanding of the properties and locations that received the different type of review.

- b. **Review of Key Metrics and Ratios Used by the Assessments Division.** The Deputy CFO/Assessor represented that the assessment-to-sales ratios are computed and reviewed periodically but has not provided those analyses despite a request made in December 2021. Analysis of this information could provide additional insight into the quality and efficiency of assessing operations.
- c. **Audit Missing PTA Documents.** The Assessments Division relies on PTAs to verify and validate arm's length sales. However, it was also noted that there is concern that not all residents are aware of the need to file this document, or investors that choose not to file it timely or at all. Conducting a sample of parcels identified as transferred from the county to records indicating whether a PTA was received can identify the incidents where a PTA has not been filed and consideration of any processes for follow-up if not filed.
- d. **Review of Collaboration with Building, Safety Engineering & Environmental Department ("BSEED") Regarding Incorporation of Permits into Assessing Activity.** Much of the work that the Assessments Division conducts for individual properties on an annual basis is the update of changes to each property. Review of building permit data allows for the identification of major changes to properties. Accordingly, the 2011 OAG Performance Audit Report identified the need for better collaboration between BSEED and the Assessments Division, which was represented to have occurred. The Assessments Division provided instructions of how to access BSEED permit data. However, formal written processes for how the permit data is incorporated into Assessments Division's operations and updates was requested but not provided.
- e. **Vacant Land Sample.** The Assessments Division records over 122,000 parcels identified as vacant land, which increased by more than 45,000 (60% increase) following the Reappraisal. Although it is widely recognized that the City contains numerous vacant parcels, an audit of these parcels to confirm that all of these parcels remain vacant could improve the overall accuracy of the Assessments Divisions records and identify updates needed to its processes.

V. Documents Requested and Received

27. I made requests to the OCFO for documents and information required to perform the review and verification of residential parcel data as well as the review of the Assessment's Divisions policies and procedures. A broad overview of the documents and information requested is included below:
- a. All available information related to Individual residential parcels, parcel sales, and other data used by the Assessor's Division;
 - b. Michigan State and local laws applicable to the assessment of residential property;
 - c. The Assessments Division's strategic plan, objectives, and risk assessments;
 - d. Copies of policies and procedures used by the Assessments Division;
 - e. Organizational charts, roles and responsibilities and listing of key employees in the Assessor's Division;
 - f. Use of software systems by the Assessor's Division;
 - g. Certifications made to the STC;
 - h. Copies of key metrics and ratios analyzed related to the assessment of residential property; and
 - i. Independent contractors employed by the Office of the Assessor.
28. The Assessments Division noted that many documents for the Pre-Reappraisal Period were unavailable and therefore I received limited documentation from those requests. However, it is unclear what documentation never existed as opposed to documents that were not retained due to the passage of time. For example, I was not provided per parcel data for the entire year of 2014.¹⁰ Other key information not provided included policies and procedures that were in place during that time period and documentation to support the computation of taxable value.
29. Below is the list of documents I was told did not exist and the explanation for each of those documents.
- a. Sales to assessment studies – no formal studies were performed.
 - b. Organizational chart – not available for the Pre-Reappraisal Period.

¹⁰ I originally received a file for the 2014 Assessment Year but after further review it was found that this file contained the exact same values as the 2013 file. I communicated this to the OCFO on November 8, 2021 but have not received an update.



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- c. Written policies and procedures - Not available for the Pre-Reappraisal Period.
 - d. Risk assessments – None.
 - e. Software training courses offered – Nothing official is available for the Pre-Reappraisal Period.
 - f. Reports related to system audits – None.
 - g. Data related to neighborhood stabilization – No data available prior to 2016.
 - h. Data related to Motor City restore – No data available prior to 2016.
 - i. Data dictionary for sales data – Unable to locate.
30. For the Post-Reappraisal Period, more documentation was made available to me, however, the OCFO was slow to provide information and many of the items I requested were ultimately not provided; a status of the documents requested and received is provided as **Exhibit A**. The OCFO was kept apprised of the status of documents requested through the information contained in **Exhibit A** being regularly posted to Stout's ShareFile site along with email follow-ups inquiring to the status of documents.

VI. Guidance Related to Effective Assessment and Internal Control

31. In completing my limited scope forensic audit of Detroit's residential property assessments, I considered the framework of an effective assessment system as published by the STC and the Internal Control – Integrated Framework published by the Committee of Sponsoring Organizations ("COSO"). This guidance creates tangible parameters for comment and analysis of the overall structure of Assessments Division and the processes used to value residential real property.

Overview of Effective Assessment System

32. An effective assessment system includes the following ten components.¹¹ It should be noted that the first four components are basic or essential needs – meaning that **"if you do not have staff, you will not be able to maintain the records that are necessary to do the job."**¹² [emphasis added.]
- A. Adequate budget, competent staff, and effective internal controls.** An adequate budget is the first requirement of an effective assessment system. The budget must be sufficient to maintain an accurate database and to provide the personnel and supporting resources necessary to apply sound appraisal techniques. As a general rule, an effective assessment system requires one full-time employee, including clericals, per 1,500-3,500 parcels, depending on the nature of the jurisdiction and the difficulty of the appraisal task. Appraisers either should have had prior experience or should receive appropriate formal and on-the-job training. Appraisers should be encouraged to achieve certification and attend advanced appraisal courses, seminars, and workshops.
 - B. Complete maps and files.** The property record file contains the current physical descriptions of properties and is necessary before any appraisal work can proceed. The file should contain for each record a unique parcel identifier number, street address, site characteristics, improvement characteristics, building-perimeter sketch, building-permit history, income and expense data, sales history, record of inspections, and appeals history. The file should be updated continuously. The sales file should contain the parcel number, a physical description of sold properties as of date of sale, sale price, assessed value, year last appraised, legal instrument number, address, and use code. Other highly desirable information includes cash-equivalent sale price, time-adjusted sale price, assessment ratio, sale confirmation code, and reject code.
 - C. Accurate property data.** The first requirement in ensuring accurate property data is a coding or appraisal manual that clearly describes the proper coding of each data element. Data coders

¹¹ "Guide to Basic Assessing." Michigan State Tax Commission - Chapter 4. 2018.

¹² Id.

should be carefully selected and trained in the use of the manual. It is important that each data collector apply the same criteria in coding all variables on the property record card.

- D. Accurate sales data.** Accurate sales data are necessary to effectively apply all three approaches to value and to conduct assessment-ratio studies.
- E. Effective cost approach.** A method of property valuation using the replacement cost as an indication of value.
- F. Effective sales comparison approach.** A method of property valuation using comparable property sales as an indication of value.
- G. Effective income approach.** A method of property valuation using the income a property generates as an indication of value.
- H. Modern data processing and storage.** Modern data processing equipment reduces time spent on routine clerical activities, speeds mathematical computations, and generally improves assessment efficiency. In addition, computers can increase the accuracy of assessments by improving the quality and accessibility of data and facilitating the use of advanced mass appraisal techniques.
- I. Open public relations.** As part of an open public relations program, property owners should be notified of all significant changes in assessed values, assessment procedures, or assessable status. It is generally good practice to explain why an assessment has been increased—for example, because of cyclical revaluation, annual revaluation, or remodeling activities.
- J. Periodic assessment-ratio studies.** Assessment-ratio studies are the fundamental means of measuring the accuracy of the appraisal process. These studies should be made to determine the level and uniformity of assessments for each property-use class for which sufficient sales data are available, as well as for appropriate strata within use classes. Assessment-ratio studies should be conducted at regular intervals, at least annually.

Overview of Effective Internal Control¹³

- 33. Internal controls are implemented to assist an organization in achieving its goals and improve performance. The COSO Framework provides generally accepted guidance as to the development and implementation of an internal control system. The Framework is applicable to both internal and external reporting processes for financial and nonfinancial purposes.¹⁴

¹³ Internal Control – Integrated Framework. COSO. 2013.

¹⁴ Moeller, R.R, Executives Guide to COSO Internal Controls: Understanding and Implementing the New Framework (2014), p. 39.

34. The five components of the COSO framework are:¹⁵
- a. **Control Environment** - The set of standards, processes, and structures that provide the basis for carrying out internal control across the organization. The board of directors and senior management establish the tone at the top regarding the importance of internal control including expected standards of conduct. Management reinforces expectations at the various levels of the organization. The control environment comprises the integrity and ethical values of the organization; the parameters enabling the board of directors to carry out its governance oversight responsibilities; the organizational structure and assignment of authority and responsibility; the process for attracting, developing, and retaining competent individuals; and the rigor around performance measures, incentives, and rewards to drive accountability for performance. The resulting control environment has a pervasive impact on the overall system of internal control.
 - b. **Risk Assessment** - Every entity faces a variety of risks from external and internal sources. Risk is defined as the possibility that an event will occur and adversely affect the achievement of objectives. Risk assessment involves a dynamic and iterative process for identifying and assessing risks to the achievement of objectives. Risks to the achievement of these objectives from across the entity are considered relative to established risk tolerances. Thus, risk assessment forms the basis for determining how risks will be managed. A precondition to risk assessment is the establishment of objectives, linked at different levels of the entity. Management specifies objectives within categories relating to operations, reporting, and compliance with sufficient clarity to be able to identify and analyze risks to those objectives. Management also considers the suitability of the objectives for the entity. Risk assessment also requires management to consider the impact of possible changes in the external environment and within its own business model that may render internal control ineffective.
 - c. **Control Activities** - Control activities are the actions established through policies and procedures that help ensure that management's directives to mitigate risks to the achievement of objectives are carried out. Control activities are performed at all levels of the entity, at various stages within business processes, and over the technology environment. They may be preventive or detective in nature and may encompass a range of manual and automated activities such as authorizations and approvals, verifications, reconciliations, and business performance reviews. Segregation of duties is typically built into the selection and development of control activities. Where segregation of duties is

¹⁵ Graham, L., Internal control audit and compliance : documentation and testing under the new COSO framework (2015), pp. 3 – 4.

not practical, management selects and develops alternative control activities.

- d. **Information and Communication** - Information is necessary for the entity to carry out internal control responsibilities to support the achievement of its objectives. Management obtains or generates and uses relevant and quality information from both internal and external sources to support the functioning of other components of internal control. Communication is the continual, iterative process of providing, sharing, and obtaining necessary information. Internal communication is the means by which information is disseminated throughout the organization, flowing up, down, and across the entity. It enables personnel to receive a clear message from senior management that control responsibilities must be taken seriously. External communication is twofold: it enables inbound communication of relevant external information, and it provides information to external parties in response to requirements and expectations.
 - e. **Monitoring Activities** - Ongoing evaluations, separate evaluations, or some combination of the two are used to ascertain whether each of the five components of internal control, including controls to effect the principles within each component, is present and functioning. Ongoing evaluations, built into business processes at different levels of the entity, provide timely information. Separate evaluations, conducted periodically, will vary in scope and frequency depending on assessment of risks, effectiveness of ongoing evaluations, and other management considerations. Findings are evaluated against criteria established by regulators, recognized standard-setting bodies or management and the board of directors, and deficiencies are communicated to management and the board of directors as appropriate.
35. In consideration of these parameters, I reviewed and analyzed documents and information provided to me by the Assessments Division as well as participated in in-depth interviews with the Assessments Division's key personnel and staff. The following sections of this report will further discuss my review of the residential assessments within the context of an effective assessment system and the aforementioned internal control framework.

VII. Analysis of Detroit's Residential Assessment Activities

36. In addition to the aforementioned frameworks of an effective assessment system and internal control, it is important to also consider the uniqueness of Detroit in comparison to all other Michigan cities. Detroit is by far the largest municipality in the State of Michigan.¹⁶ It is more than three times as large as Grand Rapids, Michigan's second largest, and more populous than the next four largest Michigan municipalities, Grand Rapids, Warren, Sterling Heights, and Ann Arbor combined.¹⁷
37. The size difference between Detroit and other Michigan municipalities results in not only more parcels to be reviewed but also increased complexities for diversity of properties, abatement zones, poverty exemptions and safety considerations of assessing staff conducting field reviews. In addition, the housing stock of Detroit is considerably older than its most immediate neighbors. The average year a home was built in Detroit was 1939 compared to between 1972 and 1991 in the surrounding region.¹⁸ Therefore, identifying the correct condition of the property, a key input in valuation, is susceptible to higher variability which increases the difficulty in assessing. It should also be noted that it is estimated that 25% of Detroit residents do not have access to an internet connection which results in limitations of sending and receiving pertinent assessing related information electronically.¹⁹ While other jurisdictions can use electronic forms to collect information from its residents, Detroit must have a hard copy paper option for all information collected with a quarter of its population unable to submit electronically.

Pre-Reappraisal Period

38. As discussed in the Background section, the Assessments Division did not meet the aforementioned challenges during the Pre-Reappraisal Period with most of its residential parcels in an override status. This was first uncovered by the OAG which led to more direct oversight by the STC. Being in an override status means that the CAMA system was not used to calculate the values of properties. Instead, out of system calculations were conducted. However, the Assessments Division did not maintain any of these calculations or other supporting documentation to evidence how values were determined. In addition, it was represented that other quantifiable documentation such as the additions and subtractions used to calculate taxable values did not exist, nor did qualitative information such as policies and procedures of assessing tasks and responsibilities.
39. As such, I was unable to perform any review and analysis related to how property values were determined for this period and can only conclude that

¹⁶ https://www.michigan-demographics.com/cities_by_population.

¹⁷ Id.

¹⁸ <http://www.drawingdetroit.com/regions-oldest-homes-primarily-concentrated-in-detroit/#:~:text=Throughout%20the%20seven%2Dcounty%20region,built%20between%201972%20and%201991>).

¹⁹ <https://www.freep.com/story/news/local/michigan/detroit/2021/10/02/internet-access-computers-detroit-covid-19/5294137001/>

the City is unable to support any residential property valuation from 2010 through 2016. I was however, provided with the concluded assessed and taxable values for each parcel, staffing and budget information that was analyzed.

Staffing and Budget Analysis

40. I was provided with staffing counts of each position in the Assessments Division for the Pre-Reappraisal Period. Analysis of this information identified 56 total employees in the Assessments Division in 2010 which was reduced to 44 by 2016.²⁰ With approximately 400,000 total parcels, this equates to between 7,000 and 9,000 parcels per employee which demonstrates that the Assessments Division was understaffed by at least 50% per the STC recommended 1,500 to 3,500 parcels per employee.
41. Nonetheless, the table below demonstrates that the Assessments Division did not use all of its available budget in those years. As shown in the following table, the percentage of budget not used by the Assessments Division ranged from 4.8% in 2013 to 33% in 2016 and averaged 20.1% over the Pre-Reappraisal Period. Applying these unused funds to the estimated expenses associated with an additional full-time employee, the Assessments Division could have employed an average of 10 additional employees during this Re-Appraisal Period.

<u>Year</u>	<u>Budgeted FTEs</u>	<u>Budget</u>	<u>Actual</u>	<u>Available Budget Not Used</u>	<u>% of Budget Not Used</u>	<u>Budget Per FTE</u>	<u>Additional FTEs in Unused Budget</u>
2010	61	\$ 6,951,937	\$ 5,469,935	\$ 1,482,002	21.3%	\$ 113,966	13
2011	56	6,965,395	6,006,760	958,635	13.8%	124,382	7
2012	53	6,786,040	5,317,696	1,468,344	21.6%	128,038	11
2013	48	6,535,083	6,219,946	315,137	4.8%	136,148	2
2014	48	6,880,463	4,878,919	2,001,544	29.1%	143,343	13
2015	44	5,175,404	4,293,219	882,185	17.0%	117,623	7
2016	44	\$ 5,167,294	\$ 3,448,708	\$ 1,718,586	33.3%	\$ 117,439	14
Average					20.1%		10

Additional Data Analysis

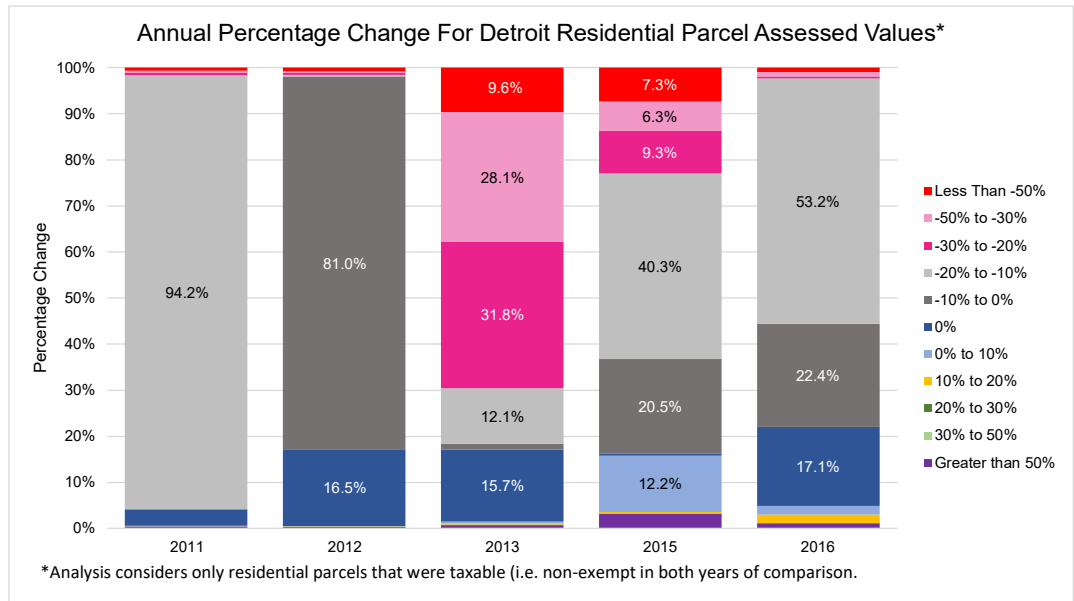
42. I performed additional analyses related to the quality of parcel information provided and trends in property valuation. I was not provided per parcel assessment information for 2014 which is therefore excluded from my analyses.
43. To validate the integrity of the data I received, I compared the per parcel assessed values to the assessed values that were certified to the STC in form L-4037. The table below demonstrates the differences between the

²⁰ I was not provided any data for 2013.

data provided to me and those that were certified to the STC. Based on my discussions with the Deputy CFO/Assessor, it was represented that the differences are the result of changes made after certifying the assessment roll. However, no record of changes made since certification were maintained. Such changes should be recorded in the future so that the certified assessment rolls can be reconciled to available parcel information.

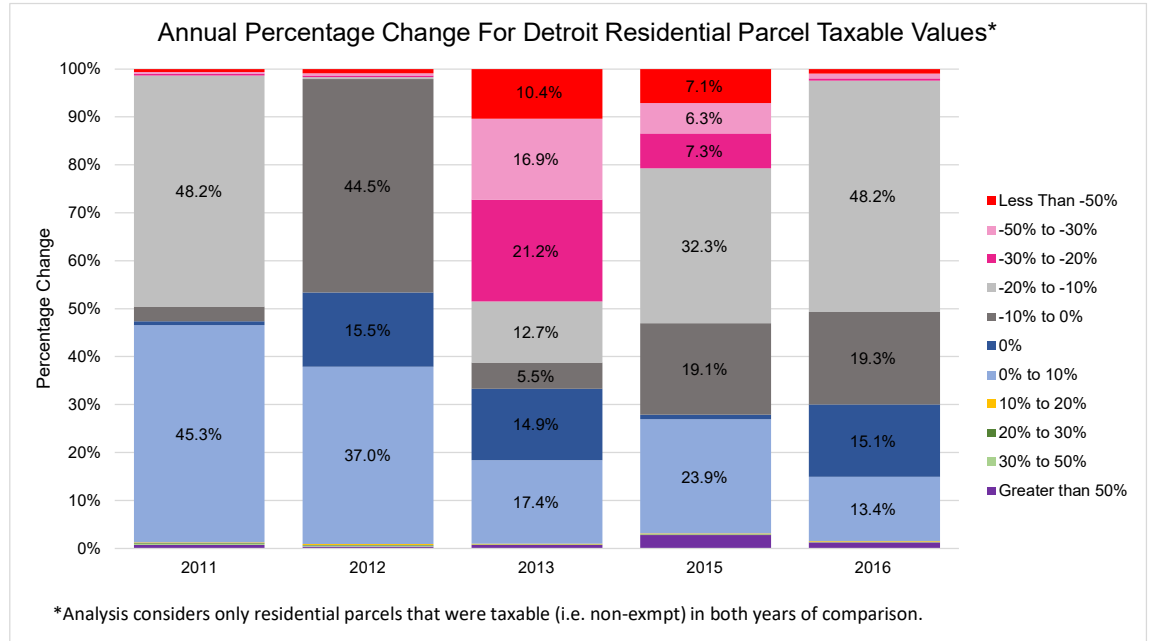
Description	2010	2011	2012	2013	2014	2015	2016
Current Year Assessment	\$ 10,105,932,976	\$ 9,219,284,281	\$ 8,318,050,345	\$ 6,429,437,385	\$ 6,429,437,385	\$ 6,196,869,346	\$ 5,788,057,829
L-4037							
Ad Valorem - Real Property	9,604,012,722	8,753,971,883	7,844,573,577	7,118,931,201	6,071,520,945	5,840,967,751	5,433,314,429
Special Acts - Real Property	563,819,123	509,243,743	473,473,931	423,598,685	399,834,645	393,380,963	398,023,800
Total L-4037	10,167,831,845	9,263,215,626	8,318,047,508	7,542,529,886	6,471,355,590	6,234,348,714	5,831,338,229
Difference Current Year Assessment to L-4037	\$ (61,898,869)	\$ (43,931,345)	\$ 2,837	\$ (1,113,092,501)	\$ (41,918,205)	\$ (37,479,368)	\$ (43,280,400)

44. The chart below compares the allocation of residential parcels' by stratified segments of assessed value change. This analysis demonstrates a consistent year-over-year decrease in assessed value which was generally between .01% and 20% for most properties in most years. For example, in 2011, 94.2% of residential properties decreased in assessed value between 10% and 20% from 2010. In 2012, 81% of properties declined in assessed value between .01% and 10% with an additional 16.5% having no change. In 2013, values began declining more significantly with 31.8% of properties declining between 20% and 30% in assessed value, 28.1% declining between 30% and 50% and 9.6% of properties declining by more than 50%. In 2015 and 2016, values continued to drop.



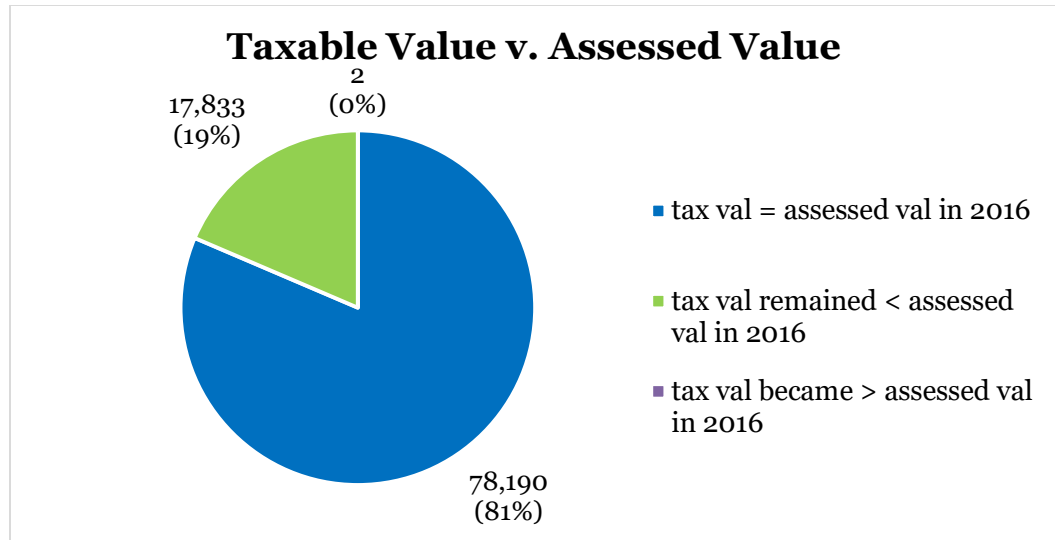
45. The chart below is a similar analysis but by taxable value instead of assessed value. The overall trend in changes in annual taxable value are consistent with those of assessed values but muted due to increases in taxable value. The increase in taxable value has two main causes: first inflationary growth; and second increased values due to uncapping. The

otherwise consistent trends between the two measures is the result of taxable values and assessed values being the same for many properties and therefore move in tandem.



46. The chart below was prepared by first selecting a segment of properties where at 2010 the taxable value was lower than the assessed value and a transfer did not occur between 2010 and 2016. The following chart presents the allocation of parcels where the taxable value remained below the assessed value or reset to assessed value. This analysis demonstrates, that for a vast majority of properties, 81%, the assessed value had a direct influence on the property taxes charged as assessed value equaled taxable value by 2016.²¹ Whereas, for 19% of the properties, even if the property was over assessed, then it might not have resulted in an overcharge of property tax as the taxable value remained below the assessed value. The key determinant would be the extent of any alleged overassessment and by how much the taxable value was below an alleged overassessment.

²¹ The same would hold true for the properties that were transferred during this period as the taxable values would have uncapped and been tied to assessed value.



As discussed in the previous section, assessment ratio studies are a main component of an effective assessing system. In particular, an assessment-to-sales ratio study can provide an indication as to the how the latest assessment of the property compares to the most recent sale. As Michigan statutes require assessments to be at 50% of true cash value, an assessment to sales value greater than .5 suggest that assessments can be higher than sales. From my discussions with the Assessments Division, it is my understanding that the assessment-to-sales ratio studies were not conducted over the Pre-Reappraisal Period. From my review of parcels sales data provided to me, I calculated an assessment-to-sales ratio for each year. The summary statistics of my analyses are presented in the chart below.²²

Year	Min Assessment-to- Sales Ratios	Max Assessment-to- Sales Ratios	Average Assessment-to- Sales Ratios	Median Assessment-to- Sales Ratios	Number of Parcels Analyzed
2010	0	23.35	0.87	0.67	284
2011	0	15.83	1.30	0.77	369
2012	0	22.98	1.70	0.92	883
2013	0	25.06	1.54	0.83	3,653
2014	-	-	-	-	-
2015	0	14.99	0.83	0.64	3,742
2016	0	9.73	0.78	0.55	4,483

²² This analysis was limited to sales that were coded as valid arm's length transactions and had a sales price greater than \$1,000. Analysis of 2014 Assessment Year is omitted from the chart. I originally received a file for the 2014 Assessment Year but after further review it was found that this file contained the exact same values as the 2013 file. I communicated this to the OCFO on November 8, 2021 but have not received an update.

Citywide Reappraisal

47. As stated in the Background section, a full citywide reappraisal was completed for the 2017 assessment year. Significant changes were made to property records to make them current and representative of the property characteristics which allowed for the use of the CAMA system to compute property values.

Post-Reappraisal Period

48. The Assessments Division made numerous changes following the Reappraisal that was completed in 2017 that focused on better use of technology as well as its human resources.
49. To keep these records current and compliant with a review of 20% of residential properties annually, the Assessments Division contracts with a service that conducts aerial flyovers of the city where images are captured to allow for desktop reviews instead of requiring an appraiser to physically visit each property. It has been represented that the time savings from the completion of a desktop review as opposed to field review results in a three-fold time savings; i.e. one appraiser doing desktop reviews can complete the same number of reviews as three appraisers conducting field reviews.
50. In addition to better use of technology, the Assessments Division has increased its headcount from 44 in 2016 to 55 in 2020; a 25% increase. Most notably, the number of appraisers has nearly doubled from 11 in 2016 to 20 in 2020. The Assessments Division has also increased the transparency of its operations with regularly scheduled meetings between the Deputy CFO/Assessor and his supervisors and managers. One assessing team member described the Assessments Division as being “led with vision that was not present prior to the Reappraisal as well as being collaborative and solutions oriented.”
51. These changes are reflected in the City of Detroit being named the Assessing District of the Year by the Michigan Assessor’s Association as well as being compliant with the STC’s Audit of Minimum Assessing Requirements (“AMAR”) each year. However, there remains some challenges within the Assessments Division, most notably concerns of insufficient staffing despite the increase in positions. The Assessments Division’s operations during the Post-Reappraisal Period will be further discussed within the context of the components of an effective assessing system and internal control framework previously outlined.

Components of Effective Assessing System

52. As previously stated, the STC outlines ten components of an effective assessing system. Below is a discussion of my analysis regarding how the Assessments Division compares to this guidance.

Adequate budget, competent staff, and effective internal controls

53. The STC uses a metric of total parcels to the total number of assessing staff as a measurement of the adequacy of the number of available employees. However, it is important to consider the City's use of technology in the aerial imagery of its residential parcels when making this calculation. The Assessments Division has represented that it reviews 20% of residential parcels annually but, although ascertainable, it has not kept track of how many of those are completed with a desktop review as opposed to a field review. Therefore, it is impossible to develop an analysis of the staffing adequacy based on the general STC guidelines of between 1,500 to 3,500 parcels per employee. However, assuming that a desktop review takes one-third of the time as a field review, as represented by the Assessing Division, this results in the need of completing at least 80% of reviews using the desktop method based on 2020 staffing levels to meet the STC guidelines.
54. During discussions with the Assessments Division's employees, understaffing was a consistent theme among all nine employees interviewed. Many employees cited that in addition to the high number of parcels in the City that need to be reviewed each year, the Assessments Division is given special projects by the Mayor's office and City Council that are in addition to normal assessment operations such as FEMA inspections and Hope applications.
55. Furthermore, the Assessments Division experiences high amounts of turnover each year. While the Deputy CFO/Assessor believes that Detroit offers comparable compensation to other jurisdictions, working conditions in Detroit can be more challenging due to higher workloads and other safety considerations. For example, one employee expressed the need to commonly work in excess of 80 hours per week to complete all assignments he is given. Indeed, my review of the Assessments Division's staffing records identify turnover rates of valuation professionals between 11% and 20%. The high amounts of turnover result in additional training to onboard new employees as well as correction of errors.
56. Many interviewed employees described that the Assessments Division commonly operates in an "all hands on deck" type of environment where employees from different groups are reassigned to help meet state mandated deadlines sometimes putting the group that lends employees behind on progress towards their own deadlines. The Assessments Division uses an Assessment Calendar to keep track of various deadlines, but as will be further discussed with internal controls, lacks sufficient policies and procedures that put structure on the most efficient use of resources to meet state mandated deadlines.
57. The concerns raised by Assessments Division staff, at all levels, indicate that only the highest priority items can be completed and other value add items may not get completed. For example, a few managers and supervisors did not cite the regular review of reports or metrics for the teams they manage which is a level of review designed to identify errors.

One example of such errors was a \$2 million mistake that was not caught during this level of review that should have been but was caught during a next level of review. Consistently operating at less-than-optimal staffing levels will only continue to impact employee turnover and increase the risk of errors.

Complete Maps and Files / Accurate Property Data

58. I prepared a random sample of 68 residential parcels from the 2020 detailed parcel file that represent the minimum number of parcels to review for a 90% confidence level review of property attributes. It is my understanding that the OAG plans to compare the information in the CAMA system for these properties to supporting documentation.
59. Unlike the sales data, as will be further described below, the property attributes entered into the CAMA system when changes are identified do not go through a formal quality control process to verify completeness. Instead, metrics and analytics are relied on to catch any input errors.

Accurate Sales Data

60. One of the issues cited as to why the assessing database was in override during the Pre-Reappraisal Period was that sales were not verified to include in the system. This means that valid arm's length sales are identified as opposed to other types of sales that are not indicative of value. Since the Reappraisal was completed, the Assessments Division has implemented structure on processing and reviewing PTA's which are the means of verifying sales.
61. The PTA's are collected and organized by clerical staff, and then disseminated to the appraisal team to be entered into the system. The supervisor that oversees the team that enters this information into the system reconciles the amounts the team receives with the clerical team lead to ensure no forms are missed. In addition, a quality control team reviews approximately 20% of entered PTAs for accuracy and conducts additional training when recurring, inaccurate information is identified. However, an error rate from this review is not calculated and the 20% review goal is a static number and is not increased if high errors are found.
62. In addition, the PTAs were formerly the mechanism used to uncap taxable value once a property is sold. Now, deed transfers recorded by the county are used to uncap properties to overcome instances where a PTA was not filed. However, the Assessments Division does not have a formal process to identify when a deed transfer is recorded but the PTA is not timely filed.

Effective cost, sales comparison, and income approaches

63. The City uses the cost method in valuing residential parcels. Therefore, it is important to separate land values from building values for the correct application of this method. Leading up to the Reappraisal, the STC Monitor over Detroit, John Ryan, voiced concern of how this would be handled due to a lack of available vacant land sales in which to base land valuations.

- a. “[The] Challenge to achieving accurate and reliable results is that good (i.e. accurate) residuals can only be determined if the indicated depreciation used in the calculation is correct. Interestingly, you can only determine the correct depreciation indicators by assuming a correct land value... it becomes a circular problem which requires an iterative process to achieve an optimal solution.”²³

64. The City now records over 122,000 vacant residential parcels and has recorded more than 20,000 sales of these parcels during the Post-Reappraisal Period. With higher volumes of vacant land sales, the Assessments Division may want to consider incorporating these transactions into its residential valuations. However, it should be noted that vacant land sales verified as arm’s length are a fraction of total vacant land sales.
65. Review of specific valuations was outside the scope my assignment but further review of vacant land sales and incorporation into land values can be an area of further exploration of the Assessments Division to provide more accurate and complete residential valuations.

Modem data processing and storage

66. The Assessments Division uses a computer assisted mass appraisal (“CAMA”) system by BS&A software which is one of two CAMA systems approved by the STC to perform assessments.²⁴ As previously stated, this system has been out of override since the Reappraisal. The use of Pictometry for aerial visuals, overlaid into ArcGIS layers for parcel boundaries is incorporated into the Assessments Division’s practices to allow for desktop appraisals as previously discussed. Finally, the Assessments Division uses Smartsheets to track metrics and other pertinent information across the division.

Open public relations

67. The Assessments Division has its own dedicated web page at <https://detroitmi.gov/departments/office-chief-financial-officer/ocfo-divisions/office-assessor> where pertinent information regarding tax abatements, sales study and other pertinent property tax and assessing information is published. In addition, the Assessments Division has a public facing office in the Coleman A. Young Municipal Center that is open weekdays 8:30 A.M. through 4:30 P.M.
68. In discussions with customer (i.e. resident) facing assessing personnel it was noted that identifying the correct need of the customer can sometimes be a challenge as customers do not always know exactly what they need

²³ STC Correspondence to Detroit - Action Items 05 12 2015.pdf.

²⁴ The CAMA System is also referred to as Equalizer or Equalizer.net in the OAG 2011 Performance Audit.

and the different responsibilities between City and county land management.

Periodic assessment-ratio studies

69. The Deputy CFO/Assessor has stated that assessment-to-sales studies, as well as other analytics, are conducted by the Assessments Division. I requested this information on December 15, 2021 but have yet to receive this information. As previously stated, I have posted the status of all documents requested to the ShareFile site used between the OCFO and Stout which has listed these items as outstanding.

Internal Control – Integrated Framework

70. I requested documents from the Assessments Division to perform analyses related to internal control over assessing operations. These documents included policies and procedures, organizational charts, descriptions of roles and responsibilities, risk assessments, and strategic goals. In addition, I also conducted interviews of nine different employees in the Assessments Division including all three members of the Board of Assessors as well as different Manager and Supervisory level personnel. I have summarized my findings below based on the documents received and interviews with the Assessments Division's staff.

Control Environment

71. The Control Environment is the foundation of all internal controls within an organization and relies on the "tone at the top" to establish an awareness and prioritization of all other components within the internal control framework. The Control Environment also establishes the organizational structure within which controls are implemented. This structure includes key areas of authority and responsibility and lines of reporting.²⁵
72. It is my understanding that the Deputy CFO/Assessor is responsible for all operational and administrative functions in the Assessments Division. The current Deputy CFO/Assessor has spent his entire career with the City in a property assessment function, therefore bringing not only assessment experience, but also experience related to the nuances of assessing properties in the City.
73. In my discussions with the Deputy CFO/Assessor, he emphasized the importance of learnings from past mistakes made in the Assessments Division and values transparency across the division. This sentiment was corroborated across the managers and supervisors interviewed. These employees indicated that regular meetings take place where the vision and priorities of the Assessments Division are planned and adjusted. The Deputy CFO/Assessor acknowledged that some items are outside of his control such as budget decisions and the need to complete special projects

²⁵ Graham, L., Internal control audit and compliance : documentation and testing under the new COSO framework (2015), p. 109

but holds himself accountable for communication, training and setting job responsibilities.

74. While the turnover of some staff positions in the Assessments Division was highlighted in the previous section, there is generally a long tenure of employment within the Assessments Division's managers and supervisors generally dating back to before the Reappraisal. When asked to rate the effectiveness of the Assessments Division, each employee I spoke with rated the Assessments Division as more than adequately effective, but less than perfect. Commonly, the aforementioned tone at the top was cited for the high rating and understaffing as the reason for less-than-ideal effectiveness.
75. The Assessments Division has also significantly improved its training operations since around 2018. At this time, a dedicated employee with a Michigan Advanced Assessing Officer ("MAAO") certification and a 37-year tenure with the Assessments Division was tasked with training new employees. The training has evolved since its initial launch and now focuses on new employees with distinction in roles between clerical duties and appraisal responsibilities. The training schedule generally consist of the STC's Basic Guide to Assessing Activities for eight weeks, field training for four weeks, customer training for two weeks and sales data entry training for three to four weeks. In addition to the formal training to new hires, the Assessments Division covers the expense for employees to complete STC appraisal certification including increased levels of certification and continuing education requirements.
76. The new emphasis placed on training new assessing staff demonstrates the commitment of creating accurate assessments, but also highlights the repeated concerns expressed about understaffing previously discussed. With a 17-to-18-week training period, the need to retain staff is critical to recoup the initial training investment but also any additional costs paid for certification. The turnover experienced within the Assessments Division has been described as a "revolving door" where as soon as staff is trained and certified they seek employment elsewhere where it is thought they can receive equal or better pay and a less stressful work environment. The "revolving door" comment can be quantified through the employment data provided by the Assessments Division.
 - a. In 2017, four valuation team members left the Assessments Division.
 - b. In 2018, three valuation employees were hired, but four departed.
 - c. In 2019, two valuation employees were hired, but two departed.
 - d. In 2020, four valuation employees were hired, but four departed.
77. Thus, the Assessments Division is stuck in a circular problem that threatens its ability to effectively function.

- a. It needs a large appraisal staff to keep pace with the demands of its large property base.
 - b. Less than optimal staffing adds stress to the work environment, among other challenges unique to Detroit previously discussed.
 - c. Training and certifying new employees is a time intensive process where the addition of new staff might not have an immediate impact to relieve other overwhelmed employees.
 - d. Assessments Division employees can find employment in other jurisdictions that require less work for the same or better pay that makes retention difficult.
 - e. The Assessments Division is finding it difficult to retain employees contributing to its less-than-ideal staffing model.
78. The Assessments Division's organizational charts provide clear reporting lines and structure, however, neither the organizational chart nor other documentation clearly define the specific items each position is responsible to complete. While each employee we interviewed seemed to have a clear understanding of what was expected of them and/or their team, documentation defining these items would be beneficial to the Assessments Division. First, documentation would eliminate any ambiguity as to job responsibilities including a delineation between primary responsibilities as well as expectations to assist other groups when deadlines need to be met. In addition, it provides a mechanism for third-party independent review, such as myself, to gauge whether an employee's understanding of job responsibilities is consistent with management's expectations.
79. The overall Control Environment is positive within the Assessments Division due to strong leadership at the top and middle, employee turnover threatens the long-term stability of the division and future succession. In addition, better structure of roles and responsibilities would better manage expectations at all levels.

Risk Assessment

80. Risk Assessment involves anticipating the challenges and barriers an organization may encounter in obtaining its goals and objectives. Thus, having clearly defined goals and objectives is a pre-requisite for having a risk assessment.
81. The objective of the Assessor's Division is to accurately value properties within specified deadlines mandated by the state. Based on discussions with the Assessments Division's leadership, however, there are no formal risk assessments performed. Rather, informal discussions and planning groups are used to evaluate risks.
82. Formally identifying risks to its stated goals and objectives would be a valuable addition to the Assessments Division. For example, a risk to

accurately valuing properties is over assessing one or many properties. There are many ways in which this risk can threaten accurate valuation, but one specific item, that was raised during discussions with Assessing Division employees, is the reliance on the aerial imagery for the desktop reviews of certain properties. While this method is overall seen as a positive for budgetary purposes and overcoming staffing resource needs, it makes it difficult to accurately identify the condition of the property which can lead itself to overassessment. Items like rotting wood, or a damaged roof, might not be able to be identified which can result in an overstatement of property condition and therefore value.

83. Other examples of risks to the Assessment Division include but are not limited to: Non-compliance with 20% property review criteria, errors and omissions, conflicts of interest and possible collusion with property owners.
84. Overall, the Assessments Division would be well served to better formalize its goals and sub-goals and then identify the specific risks of not achieving those goals.

Control Activities

85. Control Activities are designed to mitigate identified or anticipated risks in meeting goals and objectives and are reviewed through standing policies and procedures. Control activities commonly contain the following elements:
 - a. Objectives of the policies;
 - b. Access and authorization to records;
 - c. Responsibility and roles – i.e. which positions are in charge of executing the procedures;
 - d. Training needed in order to complete associated tasks;
 - e. Documentation or reports that can be used to verify completeness of tasks; and,
 - f. Responsibility for review and monitoring completed tasks.
86. I requested copies of the following written policies and procedures covering certain key areas identified by the OAG as needing improvement in its 2011 Performance Audit (for the period 2008 – 2011) findings:
 - a. Control activities designed to mitigate risks of not meeting strategic goals and objectives of the Office of the Assessor;
 - b. Data Management;
 - c. File control system used to track the movement of property records;
 - d. Principal Residence Exemptions (PREs);

- e. Property Transfer Affidavits (PTAs);
 - f. Use of Pictometry (also known as Eagleview);
 - g. Updated property record cards (electronic and/or hardcopy);
 - h. Tax exempt properties;
 - i. Use of BS&A (also referred to as Assessing.net or Equalizer);
 - j. Incorporation of data and information from other City departments (e.g., P&DD, BSEED);
 - k. Cash Management;
 - l. Document retention / discard dates for records in storage;
 - m. Disaster recovery.
87. My review of the documents I received are compiled in **Exhibit C**. In my review of these documents, I found that nearly all of the documents provided to me related to training and instructional materials for entry level staff. These documents, however, do not contain the aforementioned elements listed above or establish a system of checks and balances with specific responsibility and accountability.
88. In addition, the STC Bulletins were routinely cited by the Deputy CFO/Assessor and other assessing staff as the authoritative guidance for assessing procedures. However, the STC does not provide guidance related to specific procedures for specific jurisdictions, but rather provides general guidance regarding compliance issues. The STC website states: "The State Tax Commission has general supervision of the administration of the Property Tax Laws in Michigan and shall render such assistance and give such advice to assessors, as they deem necessary..."²⁶ Relating to audit procedures, the STC provide guidelines "to ensure minimum standards and model policies are followed by all assessing districts related to substantial compliance with the requirement of the General Property Tax Act..."²⁷ While compliance with the GPTA and other STC guidelines are vital to the mission of the Assessor's Division, the Assessments Division has little formal documentation in **how** it will meet these guidelines.
89. In addition, the Assessments Division has not formalized the responsibility of which specific employee is responsible for identifying and distributing STC bulletins to the rest of the Assessments Division. When discussing with Managers and Supervisors no names were given of specific responsibility but instead it was just generally said that emails are sent to all certified staff by the STC and that management disseminates priorities. It was also noted that not all STC bulletins are applicable to Detroit and

²⁶ https://www.michigan.gov/treasury/0,4679,7-121-1751_2228-5666--,00.html

²⁷ https://www.michigan.gov/documents/treasury/STC_Guideline_2020-1_Audit_Procedures_710935_7.pdf

therefore incorporated in the Assessments Division's processes. When discussing STC bulletin responsibility with the Deputy CFO/Assessor he named two individuals responsible for managing STC bulletins but in direct discussions with one of those individuals on responsibility of bulletins that individual did not claim any responsibility for identifying and disseminating relevant bulletins to the rest of the division. This serves as an example where better formalized policies and procedures can be used as a control activity to define responsibility of identification and criteria of further review to avoid the risk of not incorporating a relevant STC bulletin.

90. In the example cited above, regarding the risk of overassessment as a result of overstating the quality of a property was specifically discussed with the Deputy CFO/Assessor. This risk was acknowledged as a concern and it was stated that knowledge of Detroit neighborhoods is used to schedule field reviews for properties that he believes are the most at risk for this issue. However, this process has not been formalized through written policies and procedures that define specific criteria, responsibility, and other pertinent items of execution.
91. From my review of the documentation provided by the Assessments Division, it does not create specific control activities based on mitigating risks of non-performance.

Information and Communication

92. The information component of internal controls relates to the systems which enable personnel to exchange data and information needed to "conduct, manage and control" operations. Further, proper communication is essential in order for controls to be understood by all stakeholders – both internal and external.
93. As stated above, the Deputy CFO/Assessor prioritizes communication and transparency within the Assessments Division which was corroborated by other managers and supervisors. The Assessment Division has formalized a process to track relevant metrics within each department through the use of SmartSheets and uses this information as an aid in its management meetings.
94. Also as mentioned in the Public Relations discussion of an effective assessment system, the Assessments Division maintains a public facing website with pertinent information as well as regular office hours. One challenge in external communication identified during an interview with an Assessments Division supervisor focused on residents understanding of the need to file PTAs. As previously discussed, this is an important document used in verifying sales, but it was felt that many residents might be unaware of the need to file a PTA within 45 days of property transfer or choose not to. Information regarding PTAs is not readily apparent on the Assessments Division's website and a policy to identify unfiled PTAs has not been formalized.
95. The Assessments Division's regular management meetings has served to enable the exchange of data and information across the division including

identifying priorities and determining the most efficient use of its limited resources. Therefore, these communication practices have been a positive influence on its internal control over operations.

Monitoring

96. Monitoring involves the assessment of controls on both ongoing and periodic bases to ensure that controls are functioning as intended. These assessments drive any corrective actions should deficiencies be observed.
97. As discussed above, the Assessments Division lacks many aspects of an effective internal control framework which makes monitoring activities somewhat of a moot point. However, it is worth noting that the Assessments Division has created a quality control process over the PTA information entered into its CAMA system. This process involves the review of approximately 20% of the PTAs entered for correctness and completeness where guidance is given to employees where systemic mistakes are found.
98. The Assessments Division also uses certain reports referred to as Integrity Reports where changes made to the CAMA system can be reviewed and analytical procedures performed to check the validity of entered property data. However, based on the current policies and procedures, as well as with interviews with Assessments Division employees, it is unclear who and how often these reports are used.
99. As the Assessments Division considers building out its internal control framework, further consideration of the reports and activities that could be used to monitor the effectiveness of its control framework will be an important element.

Additional Data Analyses Performed – Post-Reappraisal Period

100. I completed data analyses related to the individual parcel data that was provided to me focusing on the integrity of the underlying data and use of available budget. These analyses included: a comparison of the individual assessed values to the certified assessed values on form L-4037; identified incomplete data in key valuation inputs for year built and square footage; and a comparison of the assessed values per the assessment rolls to the taxable values used on property tax bills by the Treasury Division.
101. Similar to the comparison of assessed values per individual parcel data to the assessed values certified to the STC on form L-4037 conducted for the Pre-Reappraisal Period, I was only able to reconcile certain of these amounts. A comparison for each year is included below.



**City of Detroit
Limited Scope
Forensic Audit of
Residential Property
Assessment**

**Interim Report of
Raymond A. Roth, III,
CPA, CFE**

May 25, 2022

<u>Description</u>	<u>2017</u>	<u>2018 [2]</u>	<u>2019</u>	<u>2020 [3]</u>
Real Property				
Total Assessed Value from L-4037 [1]	\$ 5,939,261,821	\$ 6,500,427,800	\$ 8,966,965,592	\$ 10,040,810,517
Total Assessed Value from Assessment Rolls	5,939,559,021	6,480,592,374	8,966,966,092	10,040,960,617
Difference	\$ (297,200)	\$ 19,835,426	\$ (500)	\$ (150,100)
Personal Property				
Total Assessed Value from L-4037 [1]	\$ 1,502,338,712	\$ 1,503,143,900	\$ 1,564,114,198	\$ 1,595,153,415
Total Assessed Value from Assessment Rolls	1,502,338,712	1,501,219,257	1,564,114,198	1,595,159,915
Difference	\$ -	\$ 1,924,643	\$ -	\$ (6,500)
Notes:				
[1] For 2017 and 2018, the L-4037 documents included Ad Valorem and Special Acts. For 2019 and 2020, documents included Ad Valorem and several forms assumed to comprise Special Acts.				
[2] Only Pre-March Board of Review forms were received for 2018.				
[3] Excludes amounts in Form "Ad Valorem - 211.7d" (this form was not received for any other year)				

102. During my discussions with the Assessments Division’s managers and supervisors, the age and size of the property were identified as key inputs to value, among others, that I was able to identify in the per parcel information provided to me. I performed an electronic review of this data to identify missing values in the data set. From this analysis, I identified more than 122,000 distinct parcels in each year of the Post-Reappraisal Period that did not contain this information. Based on a vacant land code of 0, as well as a 0 value for number of buildings on parcel, this lack of information looks to be related to vacant land. However, the increase in these values from the Pre-Reappraisal Period was over 45,000 parcels, an increase of over 60%.
103. Similar to the Pre-Reappraisal Period, I had not received additions and subtractions to each parcel in order to recompute taxable values. However, I was provided with a per parcel set of data related to the taxable values used by the Treasury Division to use in property tax bills. When comparing the Treasury property tax bill file to the assessment parcel file, I identified between 260 and 400 residential parcels that were included in the property tax bill file that were not included in the assessment files. For all of these parcels, except for one the taxable value was listed as \$0 so therefore not a quantifiable effect. The single parcel where a taxable value difference identified was greater than \$0 was parcel 02000259.073 for the 2017 assessment year. For this parcel, the assessment file listed a taxable value of \$203,400 but this parcel was not included in the property tax bill file. This analysis is presented as **Exhibit D**.

Budget Analysis

104. Similar to the Pre-Reappraisal Period, the table below demonstrates that the Assessments Division did not use all of its available budget during the years of the Post-Reappraisal Period. However, the average percentage of unused funds decreased from 20.1% during the Pre-Reappraisal Period to 12.0%. These unused funds during the Post-Reappraisal Period represented an average of 6 additional FTEs, a decrease from an average of 10 during the Pre-Reappraisal Period.



City of Detroit
 Limited Scope
 Forensic Audit of
 Residential Property
 Assessment

Interim Report of
 Raymond A. Roth, III,
 CPA, CFE

May 25, 2022

<u>Year</u>	<u>Budgeted FTEs</u>	<u>Budget</u>	<u>Actual</u>	<u>Available Budget Not Used</u>	<u>% of Budget Not Used</u>	<u>Budget Per FTE</u>	<u>Additional FTEs in Unused Budget</u>
2017	45	\$ 6,414,370	\$ 5,291,022	\$ 1,123,348	17.5%	\$ 142,542	7
2018	56	7,026,239	5,983,673	1,042,566	14.8%	125,469	8
2019	60	6,880,116	6,563,067	317,049	4.6%	114,669	2
2020	60	\$ 7,101,003	\$ 6,324,037	\$ 776,966	10.9%	\$ 118,350	6
Average					12.0%		6

VIII. Recommendations

105. Based on the analyses and information presented in this Interim Report, the Assessments Division has demonstrated marked improvement between the Pre-Reappraisal Period and the Post-Reappraisal Period. Nonetheless, the Assessments Division still has room for improvement and I offer the following recommendations that in my opinion, will improve the quality of its operations.
- a. **Use all Available Budget.** The Assessments Division has not used all of its available budget in any year of the Pre or Post-Reappraisal Period. A lack of staffing resources was consistently cited among all employees of the Assessments Division I interviewed. However, the absence of staff is not completely from a lack of available budget, but rather from not fully using the budget that is available.
 - b. **Enhance Employee Recruitment and Retention.** As stated above, the lack of staffing is not completely related to a lack of Assessments Division budget, but also the difficulties in recruiting and retaining employees. The Assessments Division, along with the City's Human Resources Department should develop processes that better recruit and retain employees to the Assessments Division. These processes should consider not only compensation related to other jurisdictions but also increased workloads compared to these other divisions, safety considerations for field reviews, opportunities for career advancement and other considerations related to overall job satisfaction.
 - c. **Evaluate Staffing Needs and Prioritization of Special Projects from City Leadership.** Many of the Assessments Division's employees I interviewed identified special projects that originate from the Mayor's Office and/or City Council that further exacerbate the staffing shortage. The Deputy CFO/Assessor has demonstrated a solutions-oriented approach in complying with these requests but City Leadership may need to be better informed how these requests impact the overall mission of the Assessments Division and identify additional resources to assist in meeting their requests.
 - d. **Develop More Detailed Goals and Objectives.** The Assessments Division has an overall goal and objective to accurately value properties within STC mandated timeframes. However, it has not developed sub-goals and objectives relating to the processes needed to achieve its overall goal and objective. Developing process related goals and objectives will allow for the creation of more specific policies and procedures that will help the Assessments Division maximize its efficiency and effectiveness.
 - e. **Create Formal Risk Assessments.** The Assessments Division has not created any formal risk assessments. Risk is inherent in all

business operations for both the public and private sectors. Without developing risk assessments, the Assessments Division cannot effectively develop systems and processes to first identify its most critical vulnerabilities and then design processes and procedures to mitigate.

- f. **Develop More Detailed Written Policies and Procedures.** The Assessments Division's policies and procedures that were provided to me were lacking critical information to be effective. Most notably, the policies and procedures did not contain overall objectives, the employees/positions responsible for completing tasks and opportunities for review, oversight, and quality control. In addition, the Assessments Division should design policies that specifically relate to critical perceived risks so that it can design control activities that limit its exposure to those risks. To complement policies and procedures, the Assessments Division should also create visual flow charts of policies and procedures that demonstrate the sources and flow of information and the intermediary steps needed, and by whom, to achieve its valuations.
 - g. **Preserve Documents and Information that Support Certified Assessed Values.** The Assessments Division's per parcel assessed values do not reconcile with the certified assessed values submitted to the STC. The Deputy CFO/Assessor represented that this is the result of timing differences between the certification and when this data was pulled. The Assessments Division should preserve all values that are certified to the STC as well as any additional support for those values and subsequent changes.
106. In addition to the items noted above, below are additional recommendations for other analyses relating to the operations and integrity of the assessment of residential parcels that can provide valuable insights.
- a. **Conduct Analysis of Annual Residential Parcel Review.** The Assessments Division is tasked with reviewing at least 20% of residential parcels each year by City Council.²⁸ The Assessments Division has represented that it is in compliance with this mandate, but I have not reviewed any documentation to verify this assertion. In addition, the Assessments Division is unaware of which properties, or even how many, are reviewed through field site visits as opposed to a desktop review using aerial imagery. The aerial imagery is identified as a key piece of technology to supplement staffing shortages, but it was also noted that for certain properties, especially the lowest value properties, this type of review increases the risk of over assessment by not allowing the identification of deteriorated housing quality. By understanding how many parcels are completed through a desktop review the Assessing Division can better determine its staffing needs per STC guidelines. In addition,

²⁸ The mandate by City Council is more stringent than the STC's requirement of reviewing only 20% of improved parcels.

the Assessing Division can also review the appropriateness of a desktop review as opposed to a field review with better understanding of the properties and locations that received the different type of review.

- b. **Review Key Metrics and Ratios Used by the Assessments Division.** The Deputy CFO/Assessor represented that the assessment-to-sales ratios are computed and reviewed periodically but has not provided those analyses despite a request made in December 2021. Analysis of this information could provide additional insight into the quality and efficiency of assessing operations.
- c. **Audit Missing PTA Documents.** The Assessments Division relies on PTA's to verify and validate arm's length sales. However, it was also noted that there is concern that not all residents are aware of the need to file this document, or investors that choose not to. Conducting a sample of parcels identified as transferred from the county to records indicating whether a PTA was received can identify the incidents where a PTA has not been filed and consideration of any processes for follow-up if not filed.
- d. **Review the Collaboration with Building, Safety Engineering & Environmental Department ("BSEED") Regarding Incorporation of Permits into Assessing Activity.** Much of the work that the Assessments Division conducts for individual properties on an annual basis is the update of changes to each property. Review of building permit data allows for the identification of major changes to properties. Accordingly, the OAG 2011 Performance Audit Report identified the need for better collaboration between BSEED and the Assessments Division, which was represented to have occurred. However, formal written processes for how the permit data is incorporated into Assessments Division's operations and updates was requested but not provided.²⁹
- e. **Conduct Analysis of Vacant Land.** The Assessments Division records over 122,000 parcels identified as vacant land, which increased by more than 45,000 (60% increase) following the Reappraisal. Although it is widely recognized that the City contains numerous vacant parcels, an audit of these parcels to confirm that all of these parcels remain vacant could improve the overall accuracy of the Assessments Divisions records and identify updates needed to its processes.

²⁹ Note the Assessments Division provided instructions of how to access BSEED permit data but not how this information should be incorporated into operations.

IX. Assumptions and Limiting Conditions

107. My conclusions are based on the information received to date. I reserve the right to change those conclusions should additional information be provided.
108. No one that worked on this engagement has any known financial interest in the Defendant or the Plaintiff or the outcome of the analysis. Further, Stout Risius Ross, LLC's compensation is neither based nor contingent on the results of the analysis.
109. My conclusions are applicable for the stated date and purpose only and may not be appropriate for any other date or purpose. This report is solely for use in the cited dispute, for the purpose stated herein, and is not to be referred to or distributed, in whole or in part, without prior written consent.

Raymond A. Roth, III, CPA, CFE
Director
Stout Risius Ross, LLC

EXHIBIT A

List of Documents Requested, Received and Items Outstanding

**City of Detroit Limited Scope Forensic Audit of Residential Property Assessment
Exhibit A - List of Documents Requested, Received and Items Outstanding**

Request No.	Request	Status	Comments	Date Received	Document Title/Description	File Type	File Name
1.	Electronic flat file, in a structured format (e.g., csv), that contain all data available relevant to residential real property assessments.	Complete		11/22/21	Residential Real Property Assessment - 2018	TXT	ASSESSMENTROLL 2018
				11/22/21	Residential Real Property Assessment - 2019	TXT	ASSESSMENTROLL 2019
				11/22/21	Residential Real Property Assessment - 2020	TXT	ASSESSMENTROLL 2020
				11/22/21	Residential Real Property Assessment - 2017	TXT	ASSESSMENTROLL 2017
2.	Electronic flat file, in a structured format (e.g., csv), of all sales of residential real parcels.	Complete		11/22/21	Sales of Residential Real Parcels - 2017-2020	TXT	02_DetroitSaleData_2017-2020
3.	Electronic flat file, in structured format (e.g., csv), of taxable values and millages used by Treasury to send property tax bills.	Complete		02/15/22	Treasury Parcel Records TY2017 to TY2020	xlsx	Treasury Parcel Records TY2017 to TY2020
4.	Read-only access to Equalizer or flat file structured reports that contain all information in Equalizer for each residential parcel.	Complete					
5.	Michigan State and Local Laws regarding Property Transfer Affidavits (PTA's) and	Complete		11/24/21	Principal Residence Exemption	docx	Property Transfer Affidavits
				11/24/21	Excerpts from MU Compiled Laws	docx	Principal Residence Exemption
6.	The Office of the Assessor Division's strategic plan and objectives.	Incomplete					
7.	Risk assessments related to meeting the Office of the Assessor strategic goals and objectives.	N/A	Per OCFO, this does not exist.				
8.	Copies of policies and procedures used by the Office of the Assessor, including but not limited to:						
8.	a) Control activities designed to mitigate risks of not meeting strategic goals and objectives of the Office of the Assessor;	Incomplete					
8.	b) Data Management;	Partial	Unclear as to whether any policies and procedures exist apart from what has been provided for Use of Equalizer (see below).				
8.	c) File control system used to track the movement of property records;	N/A	All files are electronic. Therefore movement is in Equalizer.				
8.	d) PRE's;	Partial	Documents provided lack detail regarding roles, responsibilities, authorization, or internal controls.	11/23/21	Principal Residence Exemption	docx	8d Principal Residence Exemption
				12/01/21	Manuals - Disabled Veteran Exemption Procedures, Field Procedures Manual, Field Review Checklist, Front Desk Guide, Name Change Process Approved	zip	08_checklists_guides_manuals
				01/11/22	MI Treasury Pre Denial Processing in BS&A	pdf	Pre Denial Processing in BS&A
				01/11/22	Detroit Assessing - Procedure for PRE Denial	pdf	PRE State Denials Procedures
				01/11/22	7 Steps for Steps To Processing PRE Rescinds In BS&A	docx	Steps To Processing PRE Rescinds In BS
				02/02/22	PRE Principle Residence Exemption Procedures	docx	08d PRE Principle Residence Exemption Procedures
				11/23/21	Excerpts from MU Compiled Laws	docx	8e Property Transfer Affidavits
8.	e) PTA's;	Partial	Documents provided lack detail regarding roles, responsibilities, authorization, or internal controls.	12/01/21	Manuals - Disabled Veteran Exemption Procedures, Field Procedures Manual, Field Review Checklist, Front Desk Guide, Name Change Process Approved	zip	08_checklists_guides_manuals
				01/11/22	Sales Vetting Instructions and Form L4015 from City of Detroit	docx	08e Sales Vetting Instruction(revised 11082021)
8.	f) Use of Pictometry;	Partial	Documents provided lack detail regarding roles, responsibilities, authorization, or internal controls.	12/01/21	Eagleview.com	TXT	08f_website
				01/11/22	Eagleview Quick Reference Guide	pdf	Training Guide - CONNECTExplorer
				01/11/22	Eagleview CONNECTEXPLORERTM V2.10 QUICK REFERENCE GUIDE	pdf	CONNECTExplorer v2.10 Quick Reference Guide
8.	g) Updated property record cards (electronic and/or hardcopy);	Partial	Documents provided lack detail regarding roles, responsibilities, authorization, or internal controls.	02/03/22	COD Field Procedures and Data Collection	pptx	08_City of Detroit Field Procedures
				02/15/22	Process for Michigan Tax Tribunal Appeals Process from City of Detroit	docx	MTT Docket Management System Procedures Approved
				11/23/21	Parcel Revision Checklist	pdf	8c Parcel Revision Application Packet
8.	h) Tax exempt properties;	Partial	Documents provided lack detail regarding roles, responsibilities, authorization, or internal controls.	11/22/21	Religious and Charitable Application for Real Property Tax Exemption	pdf	08h Charitable Non-Profit Exemption Process and Procedure v5
				12/01/21	Manuals - Disabled Veteran Exemption Procedures, Field Procedures Manual, Field Review Checklist, Front Desk Guide, Name Change Process Approved	zip	08_checklists_guides_manuals
				02/15/22	Instructions for Small Business Tax Exemptions data entry from City of Detroit - Form 5076	docx	Personal Property Small Business Tax Exemption 5076 Approved
				02/15/22	Instructions for Eligible Manufacturing Personal Property exemption data entry from City of Detroit	docx	Personal Property Eligible Manufacturing Exemption Approved
				02/15/22	Procedure for Applying for Payment In Lieu of Taxes Designation	docx	PILOT Process Approved
				02/15/22	Process for Certificates for Commercial Rehabilitations Abatement from City of Detroit	docx	PA 210 (Commercial Rehab) Approved
				02/15/22	Process for Certificates for Obsolete Property Rehabilitation Abatement from City of Detroit	docx	PA 146 (OPRA) Approved
				02/15/22	Process for Neighborhood Enterprise Zones (NEZ) Homestead Approval from City of Detroit	docx	NEZ Processes and Procedures Approved

City of Detroit Limited Scope Forensic Audit of Residential Property Assessment
 Exhibit A - List of Documents Requested, Received and Items Outstanding

Request No.	Request	Status	Comments	Date Received	Document Title/Description	File Type	File Name
8.	i) Use of Equalizer;	Partial	Documents provided lack detail regarding roles, responsibilities, authorization, or internal controls.	12/01/21	BSA Assessing.NET Course (3)	zip	08i_BSA Assessing.NET Course I
				02/03/22	Overview of Process to Import Sales Data Part1	docx	08 SALES IMPORT - COUNTY PART1
				02/03/22	Overview of Process to Import Sales Data Part2	docx	08 SALES IMPORT - COUNTY PART2
				02/15/22	Instructions for Personal Property data entry and verification for Assessing.Net	pptx	Personal Property Statement Numbers Desktop Procedures Approved
				02/15/22	Instructions for Personal Property data entry from City of Detroit	docx	Personal Property Statement and Numbers Approved
				02/15/22	Instructions for Small Business Tax Exemptions data entry and verification for Assessing.Net	pptx	Personal Property Small Business Tax Exemption Approved
				02/15/22	Instructions for Eligible Manufacturing Personal Property exemption data entry for Assessing.Net	pptx	Personal Property Eligible Manufacturing Desktop Procedures Approved
				02/15/22	Instructions for Personal Property canvassing data entry from City of Detroit	docx	Personal Property Canvassing Approved
				02/15/22	Instruction to Invoice for Payment In Lieu of Taxes Designation in Oracle	pptx	Pilot Invoicing Desktop Procedures
				02/15/22	Instruction to Accessing and Formatting Building Permit Reports from City of Detroit	docx	Permits Reports Process Approved
				02/15/22	Instruction to Accessing Building Permit Reports from City of Detroit	pptx	Permits Reports Desktop Process Approved
				02/15/22	Process for Certificates for Commercial Rehabilitations Exemption from City of Detroit	pptx	PA 210 CRA Desktop Approved
				02/15/22	Process for Certificates for Obsolete Property Rehabilitation Abatement from City of Detroit	pptx	PA 146 OPRA Desktop Approved
				02/15/22	Process for Neighborhood Enterprise Zones (NEZ) Homestead Approval from City of Detroit	pptx	NEZ Desktop Procedures Approved
				02/15/22	Process for Michigan Tax Tribunal Appeals Process from City of Detroit	pptx	MTT Docket Management System Desktop Procedures Revised 042021
				02/15/22	Process for Detroit Land Bank Sales Entry from City of Detroit	docx	DLBA sales entry 2019
				02/15/22	Process for Freedom of Information Request Act from City of Detroit	docx	FOIA Processes and Procedures Approved
				02/15/22	Process for Freedom of Information Request Act from City of Detroit	pptx	FOIA Desktop Processes and Procedures Approved
				02/15/22	Process for Detroit Land Bank Sales Entry from City of Detroit	pptx	DLBA sales entry desktop procedures
				02/15/22	Process for Detroit Land Bank Acquisitions Entry from City of Detroit	docx	DLBA acquisition entry 2019
02/15/22	Process for Detroit Land Bank Acquisitions Entry from City of Detroit	pptx	DLBA acquisition entry desktop procedures				
8.	j) Incorporation of data and information from other City departments (e.g., P&DD, BSEED);	Partial	Documents provided lack detail regarding roles, responsibilities, authorization, or internal controls.	02/03/22	Guide to Accessing Building Permits	docx	08j_Building Permits Import and Report Instructions
8.	k) Cash Management;	Complete		11/23/21	Cash Management - 5/24/18	pdf	08k_2018-101-017CashMgt
				11/23/21	Cash Handling - 5/24/18	pdf	08k_2018-109-001CashHandling
8.	l) Document retention / discard dates for records in storage;	Complete		11/22/21	Michigan Sate Administrative Board Approval - General Record Retention and Disposal Schedule	pdf	08l_Retention Guidelines
8.	m) Disaster recovery.	N/A	Disaster recovery is the responsibility of DOIT.				
9.	Copies of any reports that identify property record changes made in Equalizer.	N/A	These records would be contained within Equalizer.				
10.	Identification of Assessing employees with the ability to override assessment data.	Complete		11/23/21	List of Individuals with Authority to Override System Rights	xlsx	10_Override System Rights
11.	Copies of files, analysis, reports, and any other tools used to identify sales where a PTA has not been submitted.	Complete		11/23/21	Sales Data without PTAs - 2017-2020	TXT	11_Detroit Sales without PTAs Data 2017 - 2020
				02/04/22	Sales Data Dictionary	xlsx	11 SALESDATA_DataSheet
12.	Flowcharts and descriptions of the processes used to share information between the Office of the Assessor and BSEED operations.	Incomplete					
13.	Identification of any properties where a manual record has not been converted to an electronic record card and sketch that is interfaced with Equalizer.	N/A	No manual records remain.				
14.	Any system audits, studies, tests, or other monitoring reports of the City's external data management service provider's compliance with all elements of the contract which includes nightly backup of data, weekly reporting to the Office of the Assessor, monitoring the backup process, correcting errors to ensure proper data maintenance and periodic testing of test restorations.	Partial	Documents lack detail regarding system audits, studies, tests, and other monitoring reports.	11/29/21	IT RIGHT Contract - 2017-2019	pdf	14_IT RIGHT Contract #6000638 2017-2019
				02/03/22	Overview of Backup System & Process	pdf	14_Detroit Backup Process

**City of Detroit Limited Scope Forensic Audit of Residential Property Assessment
Exhibit A - List of Documents Requested, Received and Items Outstanding**

Request No.	Request	Status	Comments	Date Received	Document Title/Description	File Type	File Name
15.	Copies of files, analyses, reports or marketing materials related to Pictometry and the following information: a. Dates in which fly-overs were completed; b. Efficiencies or cost savings attributable to the use of Pictometry; c. The use of Pictometry by other municipalities.	Complete		12/13/21	Pictometry Dates	zip	15_PictometryDates
16.	Organizational charts of the Office of the Assessor for each year, 2017 – 2020.	Complete		11/23/21	Staff Roster - 2020	xlsx	FY 2020 Roster
				11/23/21	Staff Roster - 2019	xlsx	FY19_Staff Roster
				11/23/21	Staff Roster - 2017	xlsx	FY 2017 Roster
				11/23/21	Staff Roster - 2018	xlsx	FY 2018 Roster
				02/16/22	Org Chart	pdf	16_Alvin+F.+Horhn's+Organization+Chart
17.	Identification of key Assessing employees, including name, position, and telephone numbers.	Complete	Email provided (no phone numbers)	11/23/21	Management Group	xlsx	17_Mangement Group Office of the Assessor
18.	The Office of the Assessor employee job descriptions and responsibilities.	Partial	Document lacks detail regarding the duties, scope and/or responsibilities of each role.	11/29/21	Roster and Responsibilities	xlsx	18_Division Roster and Responsibilities
19.	Copy of City directives regarding retention of payroll records including timesheets.	N/A	Per OCFO, no timesheets since 2016. OCFO currently "in the process of finalizing an official records retention schedule. "				
20.	A list of independent contractors employed by the Office of the Assessor, including purpose, contract period, and applicable contracts.	Complete		11/22/21	IT RIGHT Contract - 2017-2019	pdf	IT RIGHT Contract 2017-2019
				11/22/21	Pictometry Contract - 2019-2026	pdf	Pictometry Contract 2019-2026
				11/22/21	Renkim Printing Contract - 2019-2022	pdf	Renkim Printing Contract 2019-2022
				11/22/21	TS Worldwide dba HVS Contract - 2017-2019	pdf	TS Worldwide dba HVS Contract 2017-2019
				11/22/21	TS Worldwide dba HVS Contract - 2020-2022	pdf	TS Worldwide dba HVS Contract 2020-2022
				11/22/21	BS&A Contract 2018-2021	pdf	BS&A Contract 2018-2021
				11/22/21	Frohm & Widmer Contract - 2017-2018	pdf	Frohm & Widmer Contract 2017-2018
21.	A list of Memorandum of Understandings (MOUs), along with individual copies made amongst the City and the Office of the	Complete		11/24/21	State Tax Commission - July 2017	docx	State Tax Commission July 2017
				11/24/21	Memorandum of Understanding Between the Charter County of Wayne and the City of Detroit Regarding Assessing Services	docx	DOCS-N312604-v1- MOU between Wayne County and Detroit for Assessor 1
22.	A copy of the Property Tax Assessment Oversight Ordinance, effective 2021.	Pending	Per OCFO, the proposed ordinance was not approved in 2020. Discussions are still ongoing but all preliminary.				
23.	A list of Intergovernmental Agreements (IGAs), including copies of each IGA.	N/A	Per OCFO, only informal practices and policies exist.				
24.	Copies of reports, studies, presentations, and other analyses prepared by external consultants and/or auditors, related to residential assessments.	Complete					
25.	Forms L-4037	Complete		03/02/22	2018 L-4037 STC Assessment Roll Certification - Ad Valorem	pdf	City of Detroit, L-4037 Assessor, Ad Valorem, 2018 Tax Year, AOR-Signed (1)
				03/02/22	2018 L-4037 STC Assessment Roll Certification - Special Acts	pdf	City of Detroit, L-4037 Assessor, Special Acts, 2018 Tax Year, AOR-Signed (1)
				03/03/22	2019 L-4037 STC Assessment Roll Certification - Ad Valorem BOR	pdf	2019 MBOR L-4037 (1)
				03/03/22	2017 L-4037 STC Assessment Roll Certification - Ad Valorem BOR	pdf	L-4037 MBOR 2017
				03/03/22	2018 L-4037 STC Assessment Roll Certification Ad Valorem and Special Acts - Pre March BOR	pdf	L-4037 2018
				03/03/22	2017 L-4037 STC Assessment Roll Certification Ad Valorem and Special Acts - BOR	pdf	L-4037 2017 DET MBOR Ad-V and SpecActs Signed
				03/03/22	2018 L-4037 STC Assessment Roll Certification - Special Acts - Pre March BOR	pdf	City of Detroit, L-4037 Assessor, Special Acts, 2018 Tax Year, AOR-Signed
				03/03/22	2017 L-4037 STC Assessment Roll Certification - Special Acts - Pre March BOR	pdf	City of Detroit, L-4037 Assessor, Special Acts, 2017 Tax Year, AOR-Signed
				03/03/22	2018 L-4037 STC Assessment Roll Certification - Ad Valorem - Pre March BOR	pdf	City of Detroit, L-4037 Assessor, Ad Valorem, 2018 Tax Year, AOR-Signed
				03/03/22	2020 L-4037 STC Assessment Roll Certifications - BOR (20 pages of different certifications)	pdf	2020 MBOR 4037's-signed

**City of Detroit Limited Scope Forensic Audit of Residential Property Assessment
Exhibit A - List of Documents Requested, Received and Items Outstanding**

Request No.	Request	Status	Comments	Date Received	Document Title/Description	File Type	File Name
26.	Forms L-4022 Certification of Assessment rolls	Complete		03/02/22	2018 L-4022 Report of Assessment Roll Changes and Classification	pdf	City of Detroit, L-4022, 2018 Tax Year, AOR-Signed (1)
				03/03/22	2017 L-4022 Report of Assessment Roll Changes and Classification	pdf	2017 L-4022
				03/03/22	2019 L-4022 Report of Assessment Roll Changes and Classification	pdf	2019 L-4022 AV-Signed
				03/03/22	2020 L-4022 Report of Assessment Roll Changes and Classification	pdf	2020 L-4022 AV
27.	Forms L-4021 - Assessment Roll Changes Worksheet	Complete		03/16/22	2017 L-4021	pdf	2017 L-4021
				03/16/22	2018 L-4021	pdf	2018 L-4021
				03/16/22	2019 L-4021	pdf	2019 L-4021
				03/16/22	2020 L-4021	pdf	2020 L-4021
28.	Forms L-4023 - Analysis for Equalized Valuations	Complete		03/16/22	2017 L-4023 Analysis of Equalization Value	pdf	2017 L-4023
				03/16/22	2018 L-4023 Analysis of Equalization Value	pdf	2018 L-4023
				03/16/22	2019 L-4023 Analysis of Equalization Value	pdf	2019 L-4023
				03/16/22	2020 L-4023 Analysis of Equalization Value	pdf	2020 L-4023
29.	Forms L-4024 - Personal and Real Property TOTALS	Incomplete	Requested by Stout 2/15/2022				
30.	Forms F-4025 - Report of Taxable Valuations of Additions and Losses	Incomplete	Requested by Stout 2/15/2022				
31.	Alvin Horn ICQ (12.15.21) Request: Org Chart for years 2017 - 2020, and to highlight on chart where there is going to be projected change, split out the projects by departments, and circle the additional people/titles to be added.	Partial	Document provided shows no date. Awaiting org charts for years 2017 through 2020 and documents to indicate where the upcoming changes to the structure of the division will occur.	02/16/22	Org Chart	pdf	16_Alvin+F.+Hornh's+Organization+Chart
32.	Alvin Horn ICQ (12.15.21) Request: Assessor Division Budget Request Documents and Justification	Incomplete	Requested by OAG 12/15/21				
33.	Alvin Horn ICQ (12.15.21) Request: Key Indicator Data (Ratios and Metrics used by Assessor's Division)	Incomplete	Requested by OAG 12/15/21				
34.	Alvin Horn ICQ (12.15.21) Request: Esri Software workbook example	Incomplete	Requested by OAG 12/15/21				
35.	Alvin Horn ICQ (12.15.21) Request: Listing of Reports Created by Assessor's Division (as well as who runs them and how often)	Incomplete	Requested by OAG 1/6/22				
36.	Alvin Horn ICQ (12.15.21) Request: Examples of Integrity Reports	Complete		03/21/22	80+ Files		Integrity Reports
37.	Alvin Horn ICQ (12.15.21) Request: Oakland County Equalization Dept benchmark study	Incomplete	Requested by OAG 1/6/22				
38.	Yvette Childress ICQ (2.10.22) Request: Image of White Board used to Track Tasks (For Laura Goodspeed)	Incomplete	Requested by OAG 2/10/22				
39.	Yvette Childress ICQ (2.10.22) Request: Example of Weekly Uncapping Report	Incomplete	Requested by OAG 2/10/22				
40.	Daryl Hardy ICQ (1.26.22) Request: List of staff members responsible for Parcel Revisions	Complete		02/24/22	GIS-LRM Office of the Assessor Positions		B - 29c.GIS-LRM Office of the Assessor Positions
41.	Daryl Hardy ICQ (1.26.22) Request: Parcel layer (GIS)	Complete		03/21/22	Detroit Parcel Layers	zip	DETROITPARCELS2021 SHAPEFILE
42.	Daryl Hardy ICQ (1.26.22) Request: Formal process for tracking, maintaining, and reporting metrics for Parcel and Condo Revisions	Complete		02/24/22	Process of Receiving, Reviewing, and Finalizing - PARCEL REVISION	pptx	B - 29d Process of Receiving, Reviewing, and Finalizing - PARCEL REVISION
				02/24/22	Parcel Revision Checklist	pdf	B - 29 Parcel Revision Application Packet - Assessor Division
43.	Daryl Hardy ICQ (1.26.22) Request: BS&A User Manual	Complete		02/24/22	BSA Manual	zip	BSA Manual
44.	Daryl Hardy ICQ (1.26.22) Request: Matrix that shows the different User Roles, Groups, Rights, and Responsibilities for BS&	Complete		03/24/22	BSA Security Settings By USERS	pdf	BSA Security Settings By USERS
				03/24/22	BSA User Group Information Report	pdf	BSA User Group Information Report
				03/24/22	BSA User Group Security Summary Report	pdf	BSA User Group Security Summary Report

**City of Detroit Limited Scope Forensic Audit of Residential Property Assessment
Exhibit A - List of Documents Requested, Received and Items Outstanding**

Request No.	Request	Status	Comments	Date Received	Document Title/Description	File Type	File Name
45.	Daryl Hardy ICQ (1.26.22) Request: Forms and Instructions for Land Records/GIS Splits and Combinations	Complete		02/24/22	Deed Certification Form	pdf	B - 29d.1 Deed Certification Form
				02/24/22	Condo Certification Form & Letter	pdf	B - 29d.2 Condo Certification Form & Letter
				02/24/22	Condo Workflow	docx	B - 29d.3 Condo Workflow
				02/24/22	Parcel Revision Worksheet - Combination	xlsx	B - 29d.4 Parcel Revision Worksheet - Combination
				02/24/22	Parcel Revision Worksheet - Split	xlsx	B - 29d.5 Parcel Revision Worksheet - Split
				02/24/22	Review Customers Legal Description - Workflow	docx	B - 29d.6 Review Customers Legal Description - Workflow
46.	Daryl Hardy ICQ (1.26.22) Request: Sample of Calculation Worksheets showing Land Records/GIS Pre and Post Combination	Complete		02/24/22	Law Dept Parcel Split Petition Smartsheet (Screenshot)	pdf	B - 29d.7 Law Dept Parcel Split Petition Smartsheet (Screenshot)
				02/24/22	Condominiums Smartsheet (Screenshot)	pdf	B - 29d.8 Condominiums Smartsheet (Screenshot)
				02/24/22	Parcel Revision Smartsheet (Screenshot)	pdf	B - 29d.9 Parcel Revision Smartsheet (Screenshot)
				02/24/22	9 Documents Detailing Parcel Combination Example		2022-30 Parcel Revision Combination - 220 Englewood
				02/24/22	22 Documents Detailing Parcel Combination Split		2022-42 Parcel Revision Split
47.	Daryl Hardy ICQ (1.26.22) Request: Listing of Agencies Using Pictometry	Complete		02/24/22	Pictometry Training Guide	pdf	B - 36c Pictometry Training Guide
				02/24/22	List of City Agencies Pictometry Users	xlsx	B - 36c.1 List of City Agencies Pictometry Users
				02/24/22	Pictometry Quick Reference Guide Connect Explorer	pdf	B - 36d Pictometry Quick Reference Guide Connect Explorer
48.	Cynthia Burton ICQ (2.03.22) Request: Generated Reports from other Sections or Agencies within the Assessors Division	Incomplete	Requested by OAG 2/3/22				
49.	Stefanie Oneal ICQ (2.24.22) Request: Example of Project Management Report.	Complete		03/01/22	Example Report of Project Progress (from Stefanie Oneal)	pdf	- Condo Project Overview 03012022
50.	Stefanie Oneal ICQ (2.24.22) Request: Emails and titles of contact people at BS&A and IT Right.	Complete		03/22/22	ITRIGHT and BSA Contract Contacts	pdf	Detroit PTFA Document Status - Contacts
51.	Dionne Chandler ICQ (3.3.22) Copy of Smartsheet that have the core duties of the appraisers	Incomplete	Requested by OAG 3/23/22				
52.	Trina Milburn ICQ (3.4.22) List of Policies and Procedures for Sales Operations	Complete		04/01/22	PRE Process (Level of Priority) for Sales Team	pdf	PRE Priority list
				04/01/22	PRE Process and Guidelines for Sales Team	pdf	Processing PRE
				04/01/22	Sale Entry during ABOR Instructions	pdf	Sale Entry during ABOR Instructions
				04/01/22	Sales Vetting Instruction	pdf	Sales Vetting Instruction(revised 11082021)
53.	Trina Milburn ICQ (3.4.22) List of Reports that are outside of the dashboard specific to the Sales Team	Incomplete	Per Ms. Milburn: "Reports are ran by GIS, and would come from the Board of Assessors."				
54.	William Smith ICQ (3.9.22) List of SOP's used for Customer Information Management section	Complete		04/14/22	Operating Procedures for Customer Information Management Section		CIM PROCESS
55.	Charles Ericson ICQ (3.11.22) Integrity Report samples	Complete		04/15/22	2019 Michigan Tax Tribunal Docket	pdf	2019 MTT DOCKET MANAGEMENT SYSTEM
				04/15/22	2020 Michigan Tax Tribunal Docket	pdf	2020 MTT DOCKET MANAGEMENT SYSTEM
				04/15/22	Integrity Report Example - Possible Calculation Problems	pdf	District 1 Possible Calc
56.	Charles Ericson ICQ (3.11.22) Copies of any progress reports on plans to update database tools used by the Assessor's Division	Incomplete	Requested by OAG 3/23/22				

EXHIBIT B
Curriculum Vitae



Detroit, MI USA
Office: +1.248.432.1337
Mobile: +1.248.330.4883
rroth@stout.com

Education

B.B.A., Accounting
Cleveland State University

Designations

Certified Public Accountant (CPA)
Certified Fraud Examiner (CFE)

Practice Areas

Complex Business Litigation
Labor & Employment Disputes
Shareholder Disputes
Trade Secrets & Restrictive Covenants
Transaction Disputes
Investigations
Special Assignments
Compliance Services

Industry Focus

Automotive
Consumer, Retail, Food & Beverage
Diversified Industrials
Financials
Government Agencies
Real Estate, Lodging & Leisure

Raymond Roth, III is a Director in the Disputes, Compliance and Investigations group. Mr. Roth has significant experience providing a broad range of business and financial advice to litigating counsel, corporate counsel, audit committees, boards of directors, compliance monitors and other decision makers.

The types of matters in which he has been involved in have required an identification, assessment of adherence and recommendations for improvement of policies and procedures regarding transaction processing and operations management. These assignments have been used to quantify economic damages and provide insights into risk mitigation, measurements of the effectiveness of policy changes and the identification of known or knowable facts surrounding specific performance objectives.

Further, Mr. Roth has developed specialized skills in the management and analysis of large complex data sets (i.e. big data). He has experience in performing detailed analyses at the transactional level to provide business intelligence, risk assessment, and other single and multi-variable attribute analysis. A non-exhaustive list where large data sets have been interpreted to offer opinions include compliance monitoring, FLSA hours worked studies, ERISA stock drop studies, Medicare investigations, asset tracing investigations, breach of contract and automotive and recall litigation.

Mr. Roth has testified in both bench and jury trials. He has been asked to present various topics to law firms, bar associations, state CPA societies and universities. In addition, he has assisted parties in settlement negotiations, mediation and facilitation.

Professional Memberships

- American Institute of Certified Public Accountants
- The Michigan Association of Certified Public Accountants (Including the immediate past Chariman of its Fraud Task Force)
- The Association of Certified Fraud Examiners

Testimony Experience

Moses v. Moses, Arbitration, 2021

People of the State of Michigan v. Barry Ellen tuck, In the 48th District Court, 2016

Amelia Quelas v. Daimler Trucks North America, LLC, et al., State of Michigan, In the Circuit Court for the County of Wayne, 2015

Publications

Automotive Defect & Recall Report, Stout, November 2021

Automotive Defect & Recall Report, Stout, October 2020

Automotive Defect & Recall Report, Stout, October 2019

“Start Me Up: Antitrust Compliance Programs Within Automotive Suppliers a Key Focus.” *The SRR Journal*, Fall 2014

“Start Me Up: Antitrust Compliance Programs Within Automotive Suppliers a Key Focus.” *American Bar Association Section of Commercial and Business Litigation News and Developments*, August 2014

“Why Auto Suppliers Must Focus on Anti-Trust Compliance,” *Law360*, June 2014

“The Impact of Expense Reimbursement Fraud,” *The SRR Journal*, Fall 2013

“Managing Risk Associated with Occupational Fraud,” *The SRR Journal*, Spring 2013

“Game On or Over: When the Whistle Blows Will Corporations be Ready for Dodd-Frank,” *The SRR Journal*, Fall 2011

“The Perfect Storm: The Effect of Corporate Downsizing on Internal Controls and Occupational Fraud,” *The SRR Journal*, Spring 2011

“Another Side of Pink Slips: Fraud Risk in a Reduced Workforce,” *The Journal of Corporate Renewal*, Turnaround Management Association, November/December 2010.

“Looking Beyond Basic Financial Information in Post Acquisition Disputes,” *The SRR Journal*, Spring 2010

Speeches and Seminars

“Stout’s 2021 Automotive Defect & Recall Insights” Auto Innovators, November 2021

“8th Annual State of Automotive Recalls Summit” Society of Automotive Analyst’s Automotive Warranty and Recall Symposium, April 2021

“How to Convey Complex Financial Information to Nonfinancial Stakeholders” Michigan Association of Certified Public Accountants May 19, 2020

“7th Annual State of Automotive Recalls Summit” Society of Automotive Analyst’s Automotive Warranty and Recall Symposium, April 2020

“Automotive Recalls Trends and Hot Topics” North American Crisis Management Summit, March 2020

“Check Your Blind Spots: Managing the Risks of Automotive Component Defects” Finance Executives International, June 2019

“6th Annual State of Automotive Recalls Summit” Society of Automotive Analyst’s Automotive Warranty and Recall Symposium, March 2019

“When Data Analytics Go Big or Go Home” presented to the Michigan Association of Certified Public Accountants on May 23, 2017 in Troy, Michigan

“Internal Investigations in the Digital Age” presented to the Association of Corporate Counsel on May 11, 2017 in Detroit, Michigan

“Re-engineering Recall: What Will the Future of Recall Look Like?” Society of Automotive Analyst’s Automotive Warranty and Recall Symposium, March 2017

“Anatomy of Frauds and Case Studies” presented to the Michigan Association of Certified Public Accountants on February 19, 2015 Utica, Michigan, May 12, 2015 Frankenmuth, Michigan, June 24, 2015 and June 25, 2015 Novi, Michigan

“Human Trafficking and Forced Labor: Emerging Issues and Proactive Solutions” presented to the Michigan Association of Certified Public Accountants on May 19, 2015 in Novi, Michigan

“Financial Fraud Case Studies,” presented to Michigan Association of Certified Public Accountants, June 24, 2014

“Use of Excel in eDiscovery,” presented to Women in eDiscovery – Detroit Chapter, March 20, 2014

“Financial Statement Fraud,” presented to Michigan Association of Certified Public Accountants, November 6, 2013.

“Fighting Financial Statement Fraud – Don’t Let it Happen to You,” presented to Michigan Association of Certified Public Accountants CPE Mega Conference – Lansing MI, October 22, 2013 and October 29, 2013

“What is Your Fraud IQ,” presented to the Michigan Association of Certified Public Accounts, May 16, 2013

“Fraud and Forensic Accounting”, presented to Institute of Management Accountants – Eastern Michigan University Chapter, April 4, 2013

“Data Mining Software Programs,” presented to the MACPA Anti-Fraud Conference, May 22, 2012

“Fighting Fraud through Superior Internal Controls,” presented to the MACPA’s West Michigan Management Information & Business Show, June 7, 2012

“Fraud Risks and Mitigation through Internal Controls,” presented to the MACPA’s Mega Conference, December 7, 2011, October 20, 2011 and October 26, 2011

“Best Practices in Local Government Management Fiscal Management Training,” presented to the Michigan State University Extension, November 10, 2011

“Understanding Financial Statements,” presented to Hahn Loeser, September 22, 2011

“Financial Statements and Occupational Fraud,” Akron Bar Association, Ab Initio Section, May 2010

“Mining Business Tax Returns for Information,” SRR Webinar, May 11, 2010

“Fraud and Forensic Examination,” presented at Principles of Fraud Examination, Baldwin Wallace College, May 2010

“Understanding Financial Statements,” SRR Webinar, April 13, 2010

“Breaking the Cycle of Occupational Fraud,” presented to the Criminal Law Section of the Cleveland Metropolitan Bar Association, March 25, 2010

“Fraud and Forensic Examination,” presented at Principles of Fraud Examination, Baldwin Wallace College, May 2008 and May 2009

“Fraud Case Studies”, presented to Beta Alpha Psi at Cleveland State University, September 2006

“The measurement of economic damages, understanding financial statements and tax returns and other topics,” presented to CLE programs in Cleveland, Ohio, October 2008

EXHIBIT C

Review of Policies and Procedures

City of Detroit Limited Scope Forensic Audit of Residential Property Assessment
Exhibit C - Review of Policies and Procedures

Request Number	Request	Request Status	Request Comments	File Name	Relevant Document(s)	i. Objectives of policies	ii. Access and authorization policies	iii. Responsibilities and roles			
1	8a. Control activities designed to mitigate risks of not meeting strategic goals and objectives of the Office of the Assessor	Incomplete									
2	8b. Data Management	Incomplete	Unclear as to whether any policies and procedures exist apart from what has been provided for Use of Equalizer (see below).								
3	8c. File control system used to track the movement of property records	N/A	All files are electronic. Therefore movement is in Equalizer.		All files are electronic and contained within Equalizer.						
4	8d. Principal Residence Exemption Affidavit (PRE)	Partial	Documents provided lack detail regarding roles, responsibilities, authorization, or internal controls.	"Front Desk Guide.pdf" contained in 08_checklists_guides_manuals.zip	Office of the Assessor Mission: Front Desk Reference Guide	Register a principal residence (resulting in an 18 mill reduction to tax obligation.)	Per the reference guide: "The taxpayer's driver's license/state identification must have the address in which they are applying for the PRE."	1) Front Desk verifies the person applying is the owner, review for completeness and accuracy, place in PRE bin.			
5				8d_Principal Residence Exemption.docx	8d_Principal Residence Exemption	Details certain definitions, requirements for transfer and notification per Michigan law. Does not detail any P&P for the assessor's division.	No detail provided.	No detail provided.			
6				Pre Denial Processing in BS&A.pdf	MI Treasury Pre Denial Processing in BS&A	Instructions as to navigating BS&A for processing a PRE denial (from 2017)	No detail provided.	No detail provided.			
7				PRE State Denials Procedures.pdf	Detroit Assessing - Procedure for PRE Denial	Updated instructions as to navigating BS&A for processing a PRE denial (from 2019, expired July 1, 2020)	No detail provided.	No detail provided.			
8				Steps To Processing PRE Rescinds In BS.docx	7 Steps for Steps To Processing PRE Rescinds In BS&A	Instructions as to navigating BS&A for rescinding a PRE (from 2017)	No detail provided.	No detail provided.			
9				08d_PRE Principle Residence Exemption Procedures.docx	PRE Principle Residence Exemption Procedures	Steps for entering principal residence exemption information into BS&A.	No detail provided.	No detail provided.			
10				8e. Property Transfer Affidavit (PTA)	Partial	Documents provided lack detail regarding roles, responsibilities, authorization, or internal controls.	"Front Desk Guide.pdf" contained in 08_checklists_guides_manuals.zip	Office of the Assessor Mission: Front Desk Reference Guide	To document transfer of real property or certain personal property (building on leased land, leasehold improvements, etc.)	None Note: Per the reference guide: "A deed is not necessary to file a PTA but if the taxpayer has the deed, make a copy and attach to the PTA."	1) PTA is filed by purchaser. 2) Front Desk review for completion and accuracy. Stamps document, place in PTA bin.
11							08e_Sales Vetting Instruction(revised 11082021).docx	Sales Vetting Instructions and Form L4015 from City of Detroit	Demonstrate entry of Commercial and Industrial Sales	No details provided	No details provided
12							8e_Property Transfer Affidavits.docx	8e_Property Transfer Affidavits (Excerpts from Michigan Compiled Laws (MCL), Chapter 211)	Details requirements for transfer and notification per Michigan law. Does not detail any P&P for the assessor's division.	N/A	N/A
13	8f. Use of Pictometry	Partial	Documents provided lack detail regarding roles, responsibilities, authorization, or internal controls.	08f_website.txt	Eagleview.com	N/A	N/A	N/A			
14				Training Guide - CONNEXPLORER.pdf	Eagleview Quick Reference Guide	Eagleview CONNEXPLORER instructions	No details provided	No details provided			
15				CONNEXPLORER v2.10 Quick Reference Guide.pdf	Eagleview CONNEXPLORERTM v2.10 QUICK REFERENCE GUIDE	Eagleview CONNEXPLORER instructions	No details provided	No details provided			
16	8g. Updated property record cards (electronic and/or hardcopy)	Partial	Documents provided lack detail regarding roles, responsibilities, authorization, or internal controls.	08_City of Detroit Field Procedures.pptx	COD Field Procedures and Data Collection	Guide to proper field inspections and required considerations	N/A	N/A			
17				MTT Docket Management System Procedures Approved.docx	Process for Michigan Tax Tribunal Appeals Process from City of Detroit	Detail of the process of managing Docket information in the Michigan Tax Tribunal (MTT)	No details provided	City of Detroit's Law Department - Handles tribunal cases The Office of the Assessor - Property valuation in the cases + consulting			
18				8c_Parcel Revision Application Packet.pdf	Parcel Revision Checklist	Instructions and requirements for Parcel Revision Form	Proof of ownership required. Requires authorization for parcel revision via notarized documents. Also detailed other requirements to be checked regarding parcel status.	"All divisions are subject to an approval process by the City of Detroit Law Department."			

City of Detroit Limited Scope Forensic Audit of Residential Property Assessment
 Exhibit C - Review of Policies and Procedures

	Request Number	Request	Request Status	Request Comments	File Name	iv. Training associated with roles	v. Existence of audit trails	vi. Review and monitoring	vii. Comments on how well P&P are documented (roles, access, tasks clearly defined)
1	8a.	Control activities designed to mitigate risks of not meeting strategic goals and objectives of the Office of the Assessor	Incomplete						
2	8b.	Data Management	Incomplete	Unclear as to whether any policies and procedures exist apart from what has been provided for Use of Equalizer (see below).					
3	8c.	File control system used to track the movement of property records	N/A	All files are electronic. Therefore movement is in Equalizer.					
4	8d.	Principal Residence Exemption Affidavit (PRE)	Partial	Documents provided lack detail regarding roles, responsibilities, authorization, or internal controls.	"Front Desk Guide.pdf" contained in 08_checklists_guides_manuals.zip	Front desk training reference guide (one pager)			
5					8d_Principal Residence Exemption.docx	No detail provided.	No detail provided.	No detail provided.	
6					Pre Denial Processing in BS&A.pdf	This document appears to represent the training.	No detail provided.	No review is mentioned. The document does state: "In processing the denial list if you run across a parcel where there is no sale: highlight in different color and contact PRE unit..."	The measures to identify and acknowledge parcels "where there is no sale" appear to be too informal.
7					PRE State Denials Procedures.pdf	This document appears to represent the training.	No detail provided.	Same as prior version above.	
8					Steps To Processing PRE Rescinds In BS.docx	This document appears to represent the training.	No detail provided.	No detail provided.	This word document does not have the appearance of an official document.
9					08d_PRE Principle Residence Exemption Procedures.docx	This document appears to represent the training.	No detail provided.	One of the steps requires: "2 Review/compare the information provided on the 2368 form to ensure BS&A information matches the information provided by the owner. "	
10	8e.	Property Transfer Affidavit (PTA)	Partial	Documents provided lack detail regarding roles, responsibilities, authorization, or internal controls.	"Front Desk Guide.pdf" contained in 08_checklists_guides_manuals.zip	Front desk training reference guide (one pager)	No detail provided.	Front Desk reviews for completion and accuracy upon receipt.	P&P are limited to front desk handling of the PTAs upon initial receipt.
11					08e_Sales Vetting Instruction(revised 11082021).docx	Document provided appears to be training materials	No details provided	No details provided	Instructions are documented, but policies and procedures are not.
12					8e_Property Transfer Affidavits.docx	N/A	N/A	N/A	
13	8f.	Use of Pictometry	Partial	Documents provided lack detail regarding roles, responsibilities, authorization, or internal controls.	08f_website.txt	N/A	N/A	N/A	
14					Training Guide - CONNECTExplorer.pdf	Document provided appears to be training materials	No details provided	No details provided	Instructions are documented, but policies and procedures are not.
15					CONNECTExplorer v2.10 Quick Reference Guide.pdf	Document provided appears to be training materials	No details provided	No details provided	Instructions are documented, but policies and procedures are not.
16	8g.	Updated property record cards (electronic and/or hardcopy)	Partial	Documents provided lack detail regarding roles, responsibilities, authorization, or internal controls.	08_City of Detroit Field Procedures.pptx	This document appears to be the training for the Front Desk.	N/A	N/A	This document is listed as Request 8 - but perhaps doesn't fit - this is strictly training material.
17					MTT Docket Management System Procedures Approved.docx	No detail provided	No detail provided	The document suggests that this procedure requires daily review frequency.	P&P are documented, but documentation should be more thorough
18					8c_Parcel Revision Application Packet.pdf	Document provided appears to be training materials	No detail provided	"All divisions are subject to an approval process by the City of Detroit Law Department."	

City of Detroit Limited Scope Forensic Audit of Residential Property Assessment
 Exhibit C - Review of Policies and Procedures

Request Number	Request	Request Status	Request Comments	File Name	Relevant Document(s)	i. Objectives of policies	ii. Access and authorization policies	iii. Responsibilities and roles
19	8h. Tax Exempt Properties	Partial	Documents provided lack detail regarding roles, responsibilities, authorization, or internal controls.	"Front Desk Guide.pdf" contained in 08_checklists_guides_manuals.zip	Office of the Assessor Mission: Front Desk Reference Guide	Provides checklist for initial request at Front Desk: *1. Enter the property address/parcel number in Assessing.Net 2. Print the Non-Profit Real Property App 3. Hand application to taxpayer* Upon receipt of application: 1. Verify address and parcel number are correct 2. Stamp the application received 3. log the application received in the Miscellaneous Tab under Exemption and select either church or other 4. Place application in bin under the counter*	No details provided	Front Desk must ensure application is accurate and complete, and logs the receipt of application.
20				Personal Property Small Business Tax Exemption 5076 Approved.docx	Instructions for Small Business Tax Exemptions data entry from City of Detroit - Form 5076	Steps for entering a small business tax exemption into BS&A	No details provided	No details provided
21				Personal Property Eligible Manufacturing Exemption Approved.docx	Instructions for Eligible Manufacturing Personal Property exemption data entry from City of Detroit	To process Eligible Manufacturing PP Exemption	No details provided	No details provided
22				PILOT Process Approved.docx	Procedure for Applying for Payment In Lieu of Taxes Designation	Process for Payment in Lieu of Taxes (PILOT) designation	No details provided	Developer/Sponsor - requests City of Detroit Conditional Letter of Approval. PILOT Staff - obtains True Copy of the Resolution from City Clerk City Clerk - provides True Copy of the Resolution to PILOT Staff MDHSA - Approves and provides certification letter to PILOT Staff.
23				PA 210 (Commercial Rehab) Approved.docx	Process for Certificates for Commercial Rehabilitations Abatement from City of Detroit	Determining which properties are eligible for the commercial rehab abatement and how to certify it	No details provided	Owner - submits request to city clerk City Clerk - submits request to HRD Housing & Revitalization Department - HRD gets various approvals from various departments Assessor's Office - reviews for eligibility Planning & Development Department - Once request is reviewed and approved, assessor's office writes letter addressed to PDD. City Council - Approves eligibility of a district State of Michigan - reviews and approves/denies certificate application. Person who enters certificate information into BS&A
24	PA 146 (OPRA) Approved.docx	Process for Certificates for Obsolete Property Rehabilitation Abatement from City of Detroit	Determining which properties are eligible for the obsolete property rehab abatement and how to certify it.	No details provided	Owner - submits request to city clerk City Clerk - submits request to HRD Housing & Revitalization Department - HRD gets various approvals from various departments Assessor's Office - reviews for eligibility Planning & Development Department - Once request is reviewed and approved, assessor's office writes letter addressed to PDD. City Council - Approves eligibility of a district State of Michigan - reviews and approves/denies certificate application. Person who enters certificate information into BS&A			

City of Detroit Limited Scope Forensic Audit of Residential Property Assessment
 Exhibit C - Review of Policies and Procedures

Request Number	Request	Request Status	Request Comments	File Name	iv. Training associated with roles	v. Existence of audit trails	vi. Review and monitoring	vii. Comments on how well P&P are documented (roles, access, tasks clearly defined)
19	8h. Tax Exempt Properties	Partial	Documents provided lack detail regarding roles, responsibilities, authorization, or internal controls.	"Front Desk Guide.pdf" contained in 08_checklists_guides_manuals.zip	This document appears to be the training for the Front Desk.	No detail provided.	No detail provided.	
20				Personal Property Small Business Tax Exemption 5076 Approved.docx	No details provided	No details provided	No details provided	Process narrative is missing the key components of controls documentations including ii-vi.
21				Personal Property Eligible Manufacturing Exemption Approved.docx	No details provided	No details provided	No details provided	Process narrative is missing the key components of controls documentations including ii-vi.
22				PILOT Process Approved.docx	No details provided	No details provided	No details provided	Process narrative is missing the key components of controls documentations including ii and iv-vi.
23				PA 210 (Commercial Rehab) Approved.docx	No details provided	No details provided	No details provided	Process narrative is missing the key components of controls documentations including ii and iv-vi.
24				PA 146 (OPRA) Approved.docx	No details provided	No details provided	No details provided	Process narrative is missing the key components of controls documentations including ii and iv-vi.

City of Detroit Limited Scope Forensic Audit of Residential Property Assessment
Exhibit C - Review of Policies and Procedures

Request Number	Request	Request Status	Request Comments	File Name	Relevant Document(s)	i. Objectives of policies	ii. Access and authorization policies	iii. Responsibilities and roles
25				NEZ Processes and Procedures Approved.docx	Process for Neighborhood Enterprise Zones (NEZ) Homestead Approval from City of Detroit	To grant a parcel a NEZ abatement	No details provided	No details provided
26				08h_Charitable Non-Profit Exemption Process and Procedure_v5.pdf	Religious and Charitable Application for Real Property Tax Exemption	Outlines three-part tests for qualifications of applicant: "1. Is the real estate owned and occupied by the exemption claimant? 2. Is the exemption claimant a nonprofit charitable institution? 3. Are the buildings and other property thereon occupied by the claimant solely for the purposes for which the claimant was incorporated?"	Does not detail access or authorization (Required access to BS&A is implied.)	Assessor Representative accepting application must: 1. Check materials for completeness and accuracy. 2. Check BS&A to ensure business information aligns in BS&A and deed. 3. Check for any back taxes. 4. Contact non-profit representative to confirm use of property. 5. Perform property review with the representative. 6. Send information to Board of Assessors. 7. Upon receipts of Board decision, enter data accordingly to BS&A.
27				08_SALES IMPORT - COUNTY PART1.docx	Overview of Process to Import Sales Data (Part 1)	Guide to importing parcel sales data.	No detail provided.	No detail provided.
28				08_SALES IMPORT - COUNTY PART2.docx	Overview of Process to Import Sales Data (Part 2)	Guide to ascribing code "L4015 Type=NOT USED." to a parcel	No detail provided.	No detail provided.
29				08i_BSA Assessing.NET Course I.zip	BSA Assessing.NET Course (3)	Training for BS&A program - for introduction, setup, land valuation, data entry and assessment roll maintenance purposes.	N/A	N/A
30				Personal Property Statement Numbers Desktop Procedures Approved.pptx	Instructions for Personal Property data entry and verification for Assessing.Net	No policies outlined; No detail provided	No detail provided	No detail provided
31				Personal Property Statement and Numbers Approved.docx	Instructions for Personal Property data entry from City of Detroit	"Data entry steps for entering the personal property statements"	No detail provided	No detail provided
32				Personal Property Small Business Tax Exemption Approved.pptx	Instructions for Small Business Tax Exemptions data entry and verification for Assessing.Net	No policies outlined; No detail provided	No detail provided	No detail provided
33				Personal Property Eligible Manufacturing Desktop Procedures Approved.pptx	Instructions for Eligible Manufacturing Personal Property exemption data entry for Assessing.Net	No policies outlined; No detail provided	No detail provided	No detail provided
34				Personal Property Canvassing Approved.docx	Instructions for Personal Property canvassing data entry from City of Detroit	"To pick up all new and closed business personal property"	No detail provided	Supervisor - provides printed field sheets to appraiser Appraiser - Canvasses personal property complete with date and initials before upload to Equalizer
35				Pilot Invoicing Desktop Procedures.pptx	Instruction to Invoice for Payment In Lieu of Taxes Designation in Oracle	No policies outlined; No detail provided	No detail provided	No detail provided
36	8i.	Use of Equalizer	Partial	Documents provided lack detail regarding roles, responsibilities, authorization, or internal controls.	Permits Reports Desktop Process Approved.pptx	Instruction to Accessing Building Permit Reports from City of Detroit	No policies outlined; No detail provided	No detail provided
37				PA 210 CRA Desktop Approved.pptx	Process for Certificates for Commercial Rehabilitations Exemption from City of Detroit	No policies outlined; No detail provided	No detail provided	Spreadsheet creator - makes the spreadsheet with all parcels and owner name STC Specialist - reviews the spreadsheet prepared
38				PA 146 OPRA Desktop Approved.pptx	Process for Certificates for Obsolete Property Rehabilitation Abatement from City of Detroit	No policies outlined; No detail provided	No detail provided	Spreadsheet creator - makes the spreadsheet with all parcels and owner name STC Specialist - reviews the spreadsheet prepared
39				NEZ Desktop Procedures Approved.pptx	Process for Neighborhood Enterprise Zones (NEZ) Homestead Approval from City of Detroit	No policies outlined; No detail provided	No detail provided	No detail provided

City of Detroit Limited Scope Forensic Audit of Residential Property Assessment
Exhibit C - Review of Policies and Procedures

Request Number	Request	Request Status	Request Comments	File Name	iv. Training associated with roles	v. Existence of audit trails	vi. Review and monitoring	vii. Comments on how well P&P are documented (roles, access, tasks clearly defined)
25				NEZ Processes and Procedures Approved.docx	No details provided	No details provided		Process narrative is missing many of the key components of controls documentation. See page 11 for summary
26				08h_Charitable Non-Profit Exemption Process and Procedure_v5.pdf	This document appears to be the training for the Assessor Representative handling applications.	No detail provided.	Subject property is reviewed as part of the application process. Application and data entry do not appear to be reviewed beyond initial Representative.	
27				08_SALES IMPORT - COUNTY PART1.docx	This document appears to represent training materials only.	No detail provided.	No detail provided.	How-to is appropriately documented, but insufficient details regarding the process are provided.
28				08_SALES IMPORT - COUNTY PART2.docx	This document appears to represent training materials only.	No detail provided.	No detail provided.	How-to is appropriately documented, but insufficient details regarding the process are provided.
29				08i_BSA Assessing.NET Course I.zip	These documents comprise training materials for Equalizer.	Document provide detail about accessing audit summary tables within Equalizer.	N/A	
30				Personal Property Statement Numbers Desktop Procedures Approved.pptx	No detail provided	No detail provided	Slide 5 demonstrates some element of review	The PowerPoint shows instructions, but does not describe the attributes of the process in the context of controls.
31				Personal Property Statement and Numbers Approved.docx	No detail provided	No detail provided	No detail provided	The document shows instructions, but does not describe the attributes of the process in the context of controls.
32				Personal Property Small Business Tax Exemption Approved.pptx	No detail provided	No detail provided	No detail provided	The PowerPoint shows instructions, but does not describe the attributes of the process in the context of controls.
33				Personal Property Eligible Manufacturing Desktop Procedures Approved.pptx	No detail provided	No detail provided	No detail provided	The PowerPoint shows instructions, but does not describe the attributes of the process in the context of controls.
34				Personal Property Canvassing Approved.docx	No detail provided	No detail provided	No detail provided	This document describes roles and responsibilities to a certain extent, but the other elements of controls are not discussed.
35				Pilot Invoicing Desktop Procedures.pptx	No detail provided	No detail provided	No detail provided	The PowerPoint shows instructions, but does not describe the attributes of the process in the context of controls.
36	8i.	Use of Equalizer	Partial	Documents provided lack detail regarding roles, responsibilities, authorization, or internal controls.	Permits Reports Desktop Process Approved.pptx	No detail provided	No detail provided	The PowerPoint shows instructions, but does not describe the attributes of the process in the context of controls.
37				PA 210 CRA Desktop Approved.pptx	No detail provided	No detail provided	Slide 14 discusses Q3 and EOY review	Slide 14 covers roles and responsibilities and review and monitoring to a certain extent. Like the other PowerPoints, the content is largely limited to instructions, not a process flow or process narrative.
38				PA 146 OPRA Desktop Approved.pptx	No detail provided	No detail provided	Slide 14 discusses Q3 and EOY review	Slide 14 covers roles and responsibilities and review and monitoring to a certain extent. Like the other PowerPoints, the content is largely limited to instructions, not a process flow or process narrative.
39				NEZ Desktop Procedures Approved.pptx	No detail provided	No detail provided	Spot check by data entry individual prior to submission	Slide 37 covers policy procedures to the greatest extent. However, like the other PowerPoints, the content is largely limited to instructions, not a process flow or process narrative.

City of Detroit Limited Scope Forensic Audit of Residential Property Assessment
 Exhibit C - Review of Policies and Procedures

Request Number	Request	Request Status	Request Comments	File Name	Relevant Document(s)	i. Objectives of policies	ii. Access and authorization policies	iii. Responsibilities and roles
40				MTT Docket Management System Desktop Procedures Revised 042021.docx	Process for Michigan Tax Tribunal Appeals Process from City of Detroit	No policies outlined; No detail provided	No detail provided	No detail provided
41				FOIA Desktop Processes and Procedures Approved.pptx	Process for Freedom of Information Request Act from City of Detroit	No policies outlined; No detail provided	No detail provided	No detail provided
42				DLBA sales entry desktop procedures.pptx	Process for Detroit Land Bank Sales Entry from City of Detroit	No policies outlined; No detail provided	No detail provided	No detail provided
43				DLBA acquisition entry desktop procedures.pptx	Process for Detroit Land Bank Acquisitions Entry from City of Detroit	No policies outlined; No detail provided	No detail provided	No detail provided
44	8j. Incorporation of data and information from other City departments (e.g., P&DD, BSEED)	Partial	Documents provided lack detail regarding roles, responsibilities, authorization, or internal controls.	08j_Building Permits Import and Report Instructions.docx	Guide to Accessing Building Permits	Guide to accessing, importing and editing building permit data	No details provided	No details provided
45				Permits Reports Process Approved.docx	Instruction to Accessing and Formatting Building Permit Reports from City of Detroit	Process permit reports	No details provided	No details provided
46				DLBA sales entry_2019.docx	Process for Detroit Land Bank Sales Entry from City of Detroit	Enter Land Bank Sales	No details provided	No details provided
47				DLBA acquisition entry_2019.docx	Process for Detroit Land Bank Acquisitions Entry from City of Detroit	Entering Land Bank Acquisitions	No details provided	No details provided
48	8k. Cash Management	Complete	Note: Per Assessor - no register maintained since last audit	08k_2018-101-017CashMgt.pdf	Cash Management - 5/24/18 (General)	"2.1. To establish responsibilities over the cash management functions of the City. 2.2. To establish practices to help ensure the accuracy of cash balances and the efficient use of surplus funds. 2.3. To minimize cash handling by City employees."	"6.1.1. Acting through the Chief Financial Officer, the Office of the Treasurer is the sole banking and cash management officer of the City. 6.1.2. No City department is permitted to contract with private banks and financial services providers to perform cash management functions. 6.1.3. Any City department which directly performs cash receiving or accounting must have authorization from the Treasurer."	"The Deputy CFO- Treasurer and Deputy CFO- Controller / Chief Accounting Officer shall ensure operations are designed and monitored in a manner consistent with this Directive."
49				08k_2018-101-017CashMgt.pdf	Cash Management - 5/24/18 (Bank Account Management)	See above.	"6.2.1. The Treasurer and Chief Deputy CFO / Finance Director shall be signers on all City bank accounts. Other City employees may be added, with the approval of the Treasurer. 6.2.2. Requests to open or close bank accounts or use any banking services (i.e. lockbox or credit card acceptance) must be approved by the Treasurer. 6.2.3. Only the Office of the Treasury shall be authorized to perform any on-line banking."	See 6.2.1 through 6.2.3
50				08k_2018-101-017CashMgt.pdf	Cash Management - 5/24/18 (Cash Receiving and Accounting)	See above.	"6.3.1. The Office of the Treasury shall establish policies concerning cash handling to govern the acceptance of payments Citywide and to ensure the safety of cash assets and the timely deposit of monies received."	See 6.3.1
51				08k_2018-101-017CashMgt.pdf	Cash Management - 5/24/18 (Bank Reconciliations)	See above.	"6.4.2. Bank accounts shall not be used to track funds in lieu of proper accounting. The number of bank accounts shall be minimized to the greatest extent possible, consistent with Federal, State, or local laws and regulations."	"6.4.1. The Office of Controller is responsible for performing all bank reconciliations for all bank accounts."

City of Detroit Limited Scope Forensic Audit of Residential Property Assessment
 Exhibit C - Review of Policies and Procedures

Request Number	Request	Request Status	Request Comments	File Name	iv. Training associated with roles	v. Existence of audit trails	vi. Review and monitoring	vii. Comments on how well P&P are documented (roles, access, tasks clearly defined)
40				MTT Docket Management System Desktop Procedures Revised 042021.docx	No detail provided	No detail provided	No detail provided	The PowerPoint shows instructions, but does not describe the attributes of the process in the context of controls.
41				FOIA Desktop Processes and Procedures Approved.pptx	No detail provided	No detail provided	No detail provided	The PowerPoint shows instructions, but does not describe the attributes of the process in the context of controls.
42				DLBA sales entry desktop procedures.pptx	No detail provided	No detail provided	No detail provided	The PowerPoint shows instructions, but does not describe the attributes of the process in the context of controls.
43				DLBA acquisition entry desktop procedures.pptx	No detail provided	No detail provided	No detail provided	The PowerPoint shows instructions, but does not describe the attributes of the process in the context of controls.
44	8j. Incorporation of data and information from other City departments (e.g., P&DD, BSEED)	Partial	Documents provided lack detail regarding roles, responsibilities, authorization, or internal controls.	08j_Building Permits Import and Report Instructions.docx	This document appears to represent the training.	No detail provided.	No details provided	
45				Permits Reports Process Approved.docx	No details provided	No details provided	No details provided	Process narrative is simply instructions; process narrative is missing the key components of controls documentations including ii-vi.
46				DLBA sales entry_2019.docx	No details provided	No details provided	No details provided	Process narrative is simply instructions; process narrative is missing the key components of controls documentations including ii-vi.
47				DLBA acquisition entry_2019.docx	No details provided	No details provided	No details provided	Process narrative is simply instructions; process narrative is missing the key components of controls documentations including ii-vi.
48	8k. Cash Management	Complete	Note: Per Assessor - no register maintained since last audit	08k_2018-101-017CashMgt.pdf	No further training is mentioned.	"The Office of Controller is responsible for performing all bank reconciliations for all bank accounts."	"The Treasurer, under the CFO's direction, shall assure the periodic review of banking services..." "All bank accounts shall be reconciled to the general ledger no later than 30 days after the month-end." "Each bank reconciliation is required to have a preparer and approver."	The cash-related policies are the best documented policies we have observed.
49				08k_2018-101-017CashMgt.pdf	No further training is mentioned.	"6.3.2. All banking transactions shall be recorded in the cash management system on a daily basis."	"6.3.3. All cash outflows must be properly supported and authorized. Procedures shall include daily reconciliation of cash pools."	
50				08k_2018-101-017CashMgt.pdf	No further training is mentioned.			
51				08k_2018-101-017CashMgt.pdf	No further training is mentioned.	"6.4.3. All bank accounts shall be reconciled to the general ledger no later than 30 days after the month-end. 6.4.4. Each bank reconciliation is required to have a preparer and approver. All bank reconciliations should be prepared and approved by different staff at the appropriate level."	"6.4.5. Each bank reconciliation should be cleared of all variances, no later than 60 days of the month-end, and any outstanding items after that must be escalated to the Deputy CFO- Controller / Chief Accounting Officer and the Treasurer. All variances identified that require a journal entry (JE) must be created and posted by someone other than the preparer or approver of that bank reconciliation."	

City of Detroit Limited Scope Forensic Audit of Residential Property Assessment
 Exhibit C - Review of Policies and Procedures

Request Number	Request	Request Status	Request Comments	File Name	Relevant Document(s)	i. Objectives of policies	ii. Access and authorization policies	iii. Responsibilities and roles
52				08k_2018-101-017CashMgt.pdf	Cash Management - 5/24/18 (Liquidity Management)	"6.5.1. In order to optimize earnings, City Funds shall be deposited into the City's main cash pool unless a segregated account is required by State, Federal or other guidelines (i.e. bond documents)."	"6.5.2. All activity and balances in the City's bank accounts shall be monitored by the Office of the Treasurer to assess the cash required to meet daily obligations and ensure adequate funds are available."	"6.5.3. The Office of the Treasury shall prepare detailed cash flow analyses which shall identify major revenues and expenditure types and their expected timing. The Office of the Treasury shall also identify reserves and other balances that could be invested longer term."
53				08k_2018-109-001CashHandling.pdf	Cash Handling - 5/24/18	"2.1. To ensure the secure deposits into bank accounts for entire amounts received. 2.2. To ensure strong receipting procedures are in place that safeguards city fund, supports internal controls, reduces risk exposure to employees, reduces fraud risks, and improves research and reconciliation capabilities."	"6.1.1. City Departments accepting cash, checks, or payment cards must be authorized by the Treasurer. All locations must be authorized by the Treasurer. 6.1.2. At every authorized location accepting cash, checks, or payment cards, an employee must be designated as the principal cash handler for the receiving of payment. An alternate shall also be designated."	"5.1. The Deputy CFO- Treasurer (Treasurer) shall be responsible for the administration and oversight of this Directive. 5.2. The Deputy CFO- Director of Departmental Financial Services shall ensure cash handling activities are performed in a manner consistent with this Directive."
54	8l. Document retention / discard dates for records in storage	Complete		08l_Retention Guidelines.pdf	Michigan State Administrative Board Approval - General Record Retention and Disposal Schedule	To adhere to Michigan law (MCL 399.5 and 750.491) which requires that all public records be listed on an approved Retention and Disposal Schedule that identifies the minimum amount of time that records must be kept to satisfy administrative, legal, fiscal and historical needs.	"Records cannot be destroyed unless their disposition is authorized by an approved Retention and Disposal Schedule." Note: Agency-specific schedules always supersede general schedules.	"All schedules are approved by the Records Management Services, the Archives of Michigan and the State Administrative Board." "Government agencies are responsible for ensuring that all of their records (regardless of format) are properly retained and remain accessible during this entire retention period. All records need to be stored in a secure and stable environment that will protect them from tampering, damage and degradation."
55				FOIA Processes and Procedures Approved.docx	Process for Freedom of Information Request Act from City of Detroit	Establish process standards for FOIA requests	"All persons, except those incarcerated in state or local correctional facilities, are entitled to full and complete information regarding the affairs of government and the official acts of those who represent them as public officials and public employees." However, there are various exceptions outlined in the body of the narrative.	FOIA Liaison - Responds to FOIA requests on behalf of the City Law Department - Reviews FOIA requests forwarded by FOIA Coordinator City employee - May receive a FOIA request from original requestor FOIA Coordinator - Receives and routes FOIA requests from the first person of contact to the FOIA Coordinator
56	8m. Disaster recovery.	N/A	Disaster recovery is the responsibility of DOIT.					

City of Detroit Limited Scope Forensic Audit of Residential Property Assessment
 Exhibit C - Review of Policies and Procedures

Request Number	Request	Request Status	Request Comments	File Name	iv. Training associated with roles	v. Existence of audit trails	vi. Review and monitoring	vii. Comments on how well P&P are documented (roles, access, tasks clearly defined)
52				08k_2018-101-017CashMgt.pdf	No further training is mentioned.		See 6.5.2	
53				08k_2018-109-001CashHandling.pdf	"6.1.3. All cash handlers shall be given a training manual and must sign a Certificate of Responsibility verifying they have received, read, and understand the training manual, this Directive, and other applicable policies and procedures as defined by the Chief Financial Officer (CFO) or Treasurer."	"6.9. Reconciliation. Departments shall ensure that copies of all deposit information required for reconciliation or tracking purposes is retained prior to deposit with the bank."	The policies includes guidelines for review of incoming checks (for completeness and accuracy), use of deposit slips and endorsement stamps, verifications of incoming cash, review of authorization for credit or debit cards.	The cash-related policies are the best documented policies we have observed.
54	8l. Document retention / discard dates for records in storage	Complete		08l_Retention Guidelines.pdf	These documents comprise training materials for document retention.	No detail provided.	No detail provided.	
FOIA Processes and Procedures Approved.docx				No detail provided	No detail provided	No detail provided	The process narrative appears incomplete and is unorganized.	
55								
56	8m. Disaster recovery.	N/A	Disaster recovery is the responsibility of DOIT.					

EXHIBIT D

Parcel Differences Between Treasury and Assessment

**Detroit Property Tax Limited Scope Forensic Audit
Differences Between Assessment Rolls and Treasury File
For the 2017 Assessment Year**

**Exhibit D
Schedule 1**

In Treasury Bills but not Assessment Roll			
	Parcel	Property Class	Taxable Value
1	09012139-40	401	-
2	23002004.0563	447	-
3	23002004.1017	446	-
4	23002005.0466	446	-
5	23002005.0638	446	-
6	23002005.1486	447	-
7	23002006.0490	447	-
8	23002006.0621	446	-
9	23002006.0622	446	-
10	23002006.1165	446	-
11	23002012.002	447	-
12	23002015.029	446	-
13	23002015.072	446	-
14	23002015.075	446	-
15	23002015.081	446	-
16	23002015.101	446	-
17	23002015.124	447	-
18	23002015.125	447	-
19	23002016.023	446	-
20	23002016.024	446	-
21	23002016.025	446	-
22	23002016.026	446	-
23	23002016.029	446	-
24	23002016.030	446	-
25	23002016.031	446	-
26	23002017.017	446	-
27	27060032.	448	-
28	27061132.	448	-
29	27061430.	448	-
30	27061574.	448	-
31	27061687.	448	-
32	27061904.	448	-
33	27061932.	448	-
34	27062200.	448	-
35	27070028.	448	-
36	27070914.	448	-
37	27071127.	448	-
38	27071912.	448	-
39	27072930.	448	-
40	27073703.	448	-
41	27073768.	448	-
42	27073846.	448	-
43	27080358.	448	-
44	27080639.	448	-
45	27090513.	448	-
46	27090549.	448	-
47	27090558.	448	-
48	27100335.	448	-
49	27110131.	448	-
50	27163019.	448	-
51	27170000.	448	-
52	27170001.	448	-
53	27170002.	448	-
54	27170003.	448	-

In Assessment Roll but not Treasury Bills		
Parcel	Property Class	Taxable Value
02000259.073	403	203,400.00

**Detroit Property Tax Limited Scope Forensic Audit
Differences Between Assessment Rolls and Treasury File
For the 2017 Assessment Year**

**Exhibit D
Schedule 1**

In Treasury Bills but not Assessment Roll		
Parcel	Property Class	Taxable Value
55	27170004.	448 -
56	27170005.	448 -
57	27170006.	448 -
58	27170007.	448 -
59	27170008.	448 -
60	27170009.	448 -
61	27170010.	448 -
62	27170011.	448 -
63	27170012.	448 -
64	27170013.	448 -
65	27170014.	448 -
66	27170015.	448 -
67	27170016.	448 -
68	27170017.	448 -
69	27170018.	448 -
70	27170019.	448 -
71	27170020.	448 -
72	27170021.	448 -
73	27170022.	448 -
74	27170023.	448 -
75	27170024.	448 -
76	27170025.	448 -
77	27170026.	448 -
78	27170027.	448 -
79	27170028.	448 -
80	27170029.	448 -
81	27170030.	448 -
82	27170031.	448 -
83	27170032.	448 -
84	27170033.	448 -
85	27170034.	448 -
86	27170035.	448 -
87	27170036.	448 -
88	27170037.	448 -
89	27170038.	448 -
90	27170039.	448 -
91	27170040.	448 -
92	27170041.	448 -
93	27170042.	448 -
94	27170043.	448 -
95	27170044.	448 -
96	27170045.	448 -
97	27170046.	448 -
98	27170047.	448 -
99	27170048.	448 -
100	27170049.	448 -
101	27170050.	448 -
102	27170051.	448 -
103	27170052.	448 -
104	27170053.	448 -
105	27170054.	448 -
106	27170055.	448 -
107	27170056.	448 -
108	27170057.	448 -

In Assessment Roll but not Treasury Bills		
Parcel	Property Class	Taxable Value

**Detroit Property Tax Limited Scope Forensic Audit
Differences Between Assessment Rolls and Treasury File
For the 2017 Assessment Year**

**Exhibit D
Schedule 1**

In Treasury Bills but not Assessment Roll			
	Parcel	Property Class	Taxable Value
109	27170059.	448	-
110	27170060.	448	-
111	27170061.	448	-
112	27170062.	448	-
113	27170063.	448	-
114	27170064.	448	-
115	27170065.	448	-
116	27170066.	448	-
117	27170067.	448	-
118	27170068.	448	-
119	27170069.	448	-
120	27170070.	448	-
121	27170071.	448	-
122	27170072.	448	-
123	27170073.	448	-
124	27170074.	448	-
125	27170075.	448	-
126	27170076.	448	-
127	27170077.	448	-
128	27170078.	448	-
129	27170079.	448	-
130	27170080.	448	-
131	27170081.	448	-
132	27170082.	448	-
133	27170083.	448	-
134	27170084.	448	-
135	27170085.	448	-
136	27170086.	448	-
137	27170087.	448	-
138	27170088.	448	-
139	27170089.	448	-
140	27170090.	448	-
141	27170092.	448	-
142	27170093.	448	-
143	27170094.	448	-
144	27170095.	448	-
145	27170096.	448	-
146	27170097.	448	-
147	27170098.	448	-
148	27170099.	448	-
149	27170100.	448	-
150	27170101.	448	-
151	27170102.	448	-
152	27170103.	448	-
153	27170104.	448	-
154	27170105.	448	-
155	27170106.	448	-
156	27170107.	448	-
157	27170108.	448	-
158	27170109.	448	-
159	27170110.	448	-
160	27170111.	448	-
161	27170112.	448	-
162	27170113.	448	-

In Assessment Roll but not Treasury Bills		
Parcel	Property Class	Taxable Value

**Detroit Property Tax Limited Scope Forensic Audit
Differences Between Assessment Rolls and Treasury File
For the 2017 Assessment Year**

**Exhibit D
Schedule 1**

In Treasury Bills but not Assessment Roll		
Parcel	Property Class	Taxable Value
163	27170114.	448 -
164	27170117.	448 -
165	27170118.	448 -
166	27170119.	448 -
167	27170120.	448 -
168	27170121.	448 -
169	27170122.	448 -
170	27170123.	448 -
171	27170124.	448 -
172	27170125.	448 -
173	27170126.	448 -
174	27170127.	448 -
175	27170128.	448 -
176	27170129.	448 -
177	27170130.	448 -
178	27170131.	448 -
179	27170132.	448 -
180	27170133.	448 -
181	27170134.	448 -
182	27170136.	448 -
183	27170137.	448 -
184	27170138.	448 -
185	27170139.	448 -
186	27170140.	448 -
187	27170141.	448 -
188	27170142.	448 -
189	27170143.	448 -
190	27170144.	448 -
191	27170145.	448 -
192	27170146.	448 -
193	27170147.	448 -
194	27170148.	448 -
195	27170149.	448 -
196	27170150.	448 -
197	27170151.	448 -
198	27170152.	448 -
199	27170153.	448 -
200	27170154.	448 -
201	27170155.	448 -
202	27170156.	448 -
203	27170157.	448 -
204	27170158.	448 -
205	27170159.	448 -
206	27170160.	448 -
207	27170161.	448 -
208	27170162.	448 -
209	27170163.	448 -
210	27170164.	448 -
211	27170165.	448 -
212	27170166.	448 -
213	27170167.	448 -
214	27170168.	448 -
215	27170169.	448 -
216	27170170.	448 -

In Assessment Roll but not Treasury Bills		
Parcel	Property Class	Taxable Value

**Detroit Property Tax Limited Scope Forensic Audit
Differences Between Assessment Rolls and Treasury File
For the 2017 Assessment Year**

**Exhibit D
Schedule 1**

In Treasury Bills but not Assessment Roll			
	Parcel	Property Class	Taxable Value
217	27170171.	448	-
218	27170172.	448	-
219	27170173.	448	-
220	27170174.	448	-
221	27170175.	448	-
222	27170176.	448	-
223	27170177.	448	-
224	27170178.	448	-
225	27170179.	448	-
226	27170180.	448	-
227	27170181.	448	-
228	27170182.	448	-
229	27170183.	448	-
230	27170184.	448	-
231	27170185.	448	-
232	27170186.	448	-
233	27170187.	448	-
234	27170188.	448	-
235	27170189.	448	-
236	27170190.	448	-
237	27170191.	448	-
238	27170192.	448	-
239	27170193.	448	-
240	27170194.	448	-
241	27170195.	448	-
242	27170196.	448	-
243	27170197.	448	-
244	27170198.	448	-
245	27170199.	448	-
246	27170200.	448	-
247	27170201.	448	-
248	27170202.	448	-
249	27170203.	448	-
250	27170204.	448	-
251	27170206.	448	-
252	27170207.	448	-
253	27170208.	448	-
254	27170209.	448	-
255	27170210.	448	-
256	27170211.	448	-
257	27170212.	448	-
258	27170213.	448	-
259	27170214.	448	-
260	27170215.	448	-
261	27170217.	448	-
262	27170218.	448	-

In Assessment Roll but not Treasury Bills		
Parcel	Property Class	Taxable Value

**Detroit Property Tax Limited Scope Forensic Audit
Differences Between Assessment Rolls and Treasury File
For the 2018 Assessment Year**

**Exhibit D
Schedule 2**

In Treasury Bills but not Assessment Roll			
	Parcel	Property Class	Taxable Value
1	02000864.003	403	-
2	02000889.071	403	-
3	04000118.053	403	-
4	10005211.	401	-
5	23002004.0246	446	-
6	23002004.0410	446	-
7	23002006.0441	446	-
8	23002006.0916	446	-
9	23002006.1034	446	-
10	23002006.1035	446	-
11	23002006.1039	446	-
12	23002006.1040	446	-
13	23002006.1164	446	-
14	23002015.065	446	-
15	23002015.066	446	-
16	23002015.070	446	-
17	23002015.081	447	19,700.00
18	23002015.083	446	-
19	23002015.091	447	-
20	23002015.092	447	-
21	23002015.111	447	-
22	23002015.146	447	-
23	23002015.148	447	-
24	23002015.149	447	-
25	23002015.152	447	-
26	23002015.154	447	-
27	23002015.158	447	-
28	23002015.162	447	-
29	23002016.027	446	-
30	23002016.028	446	-
31	23002017.035	446	-
32	23002017.078	446	-
33	23002018.019	447	-
34	23002018.054	447	-
35	23002018.055	447	-
36	23002018.056	447	-
37	23002018.057	447	-
38	23002018.058	447	-
39	23002018.059	447	-
40	23002018.060	447	-
41	23002018.061	447	-
42	23002018.062	447	-
43	23002018.063	447	-
44	23002018.064	447	-
45	23002018.065	447	-
46	27060639.	448	-
47	27180001.	448	-
48	27180002.	448	-
49	27180003.	448	-
50	27180004.	448	-
51	27180005.	448	-
52	27180006.	448	-
53	27180007.	448	-
54	27180008.	448	-

In Assessment Roll but not Treasury Bills		
Parcel	Property Class	Taxable Value
22098590.021	402	-
23002015.081	446	19,700.00

**Detroit Property Tax Limited Scope Forensic Audit
Differences Between Assessment Rolls and Treasury File
For the 2018 Assessment Year**

**Exhibit D
Schedule 2**

55	27180009.	448	-
56	27180010.	448	-
57	27180011.	448	-
58	27180012.	448	-
59	27180013.	448	-
60	27180014.	448	-
61	27180015.	448	-
62	27180016.	448	-
63	27180017.	448	-
64	27180018.	448	-
65	27180019.	448	-
66	27180020.	448	-
67	27180021.	448	-
68	27180022.	448	-
69	27180023.	448	-
70	27180024.	448	-
71	27180025.	448	-
72	27180026.	448	-
73	27180027.	448	-
74	27180028.	448	-
75	27180029.	448	-
76	27180030.	448	-
77	27180031.	448	-
78	27180032.	448	-
79	27180033.	448	-
80	27180034.	448	-
81	27180035.	448	-
82	27180036.	448	-
83	27180037.	448	-
84	27180038.	448	-
85	27180039.	448	-
86	27180040.	448	-
87	27180041.	448	-
88	27180042.	448	-
89	27180043.	448	-
90	27180044.	448	-
91	27180045.	448	-
92	27180046.	448	-
93	27180047.	448	-
94	27180048.	448	-
95	27180049.	448	-
96	27180050.	448	-
97	27180051.	448	-
98	27180052.	448	-
99	27180053.	448	-
100	27180054.	448	-
101	27180055.	448	-
102	27180056.	448	-
103	27180057.	448	-
104	27180058.	448	-
105	27180059.	448	-
106	27180060.	448	-
107	27180061.	448	-
108	27180062.	448	-
109	27180063.	448	-
110	27180064.	448	-
111	27180065.	448	-
112	27180066.	448	-
113	27180067.	448	-

**Detroit Property Tax Limited Scope Forensic Audit
Differences Between Assessment Rolls and Treasury File
For the 2018 Assessment Year**

**Exhibit D
Schedule 2**

114	27180068.	448	-
115	27180069.	448	-
116	27180070.	448	-
117	27180071.	448	-
118	27180072.	448	-
119	27180073.	448	-
120	27180074.	448	-
121	27180075.	448	-
122	27180076.	448	-
123	27180077.	448	-
124	27180078.	448	-
125	27180079.	448	-
126	27180080.	448	-
127	27180081.	448	-
128	27180082.	448	-
129	27180083.	448	-
130	27180084.	448	-
131	27180086.	448	-
132	27180087.	448	-
133	27180088.	448	-
134	27180089.	448	-
135	27180090.	448	-
136	27180091.	448	-
137	27180092.	448	-
138	27180093.	448	-
139	27180094.	448	-
140	27180095.	448	-
141	27180096.	448	-
142	27180097.	448	-
143	27180098.	448	-
144	27180099.	448	-
145	27180100.	448	-
146	27180101.	448	-
147	27180102.	448	-
148	27180103.	448	-
149	27180104.	448	-
150	27180105.	448	-
151	27180106.	448	-
152	27180107.	448	-
153	27180108.	448	-
154	27180109.	448	-
155	27180110.	448	-
156	27180111.	448	-
157	27180112.	448	-
158	27180113.	448	-
159	27180114.	448	-
160	27180115.	448	-
161	27180116.	448	-
162	27180117.	448	-
163	27180118.	448	-
164	27180119.	448	-
165	27180120.	448	-
166	27180121.	448	-
167	27180122.	448	-
168	27180123.	448	-
169	27180124.	448	-
170	27180125.	448	-
171	27180126.	448	-
172	27180128.	448	-

**Detroit Property Tax Limited Scope Forensic Audit
Differences Between Assessment Rolls and Treasury File
For the 2018 Assessment Year**

**Exhibit D
Schedule 2**

173	27180129.	448	-
174	27180130.	448	-
175	27180131.	448	-
176	27180132.	448	-
177	27180133.	448	-
178	27180134.	448	-
179	27180135.	448	-
180	27180136.	448	-
181	27180140.	448	-
182	27180141.	448	-
183	27180142.	448	-
184	27180143.	448	-
185	27180144.	448	-
186	27180145.	448	-
187	27180146.	448	-
188	27180147.	448	-
189	27180148.	448	-
190	27180149.	448	-
191	27180150.	448	-
192	27180151.	448	-
193	27180152.	448	-
194	27180153.	448	-
195	27180154.	448	-
196	27180155.	448	-
197	27180156.	448	-
198	27180157.	448	-
199	27180158.	448	-
200	27180159.	448	-
201	27180160.	448	-
202	27180161.	448	-
203	27180162.	448	-
204	27180163.	448	-
205	27180164.	448	-
206	27180165.	448	-
207	27180166.	448	-
208	27180167.	448	-
209	27180168.	448	-
210	27180169.	448	-
211	27180170.	448	-
212	27180171.	448	-
213	27180172.	448	-
214	27180173.	448	-
215	27180174.	448	-
216	27180175.	448	-
217	27180176.	448	-
218	27180177.	448	-
219	27180178.	448	-
220	27180179.	448	-
221	27180180.	448	-
222	27180181.	448	-
223	27180182.	448	-
224	27180183.	448	-
225	27180184.	448	-
226	27180185.	448	-
227	27180186.	448	-
228	27180187.	448	-
229	27180188.	448	-
230	27180189.	448	-
231	27180190.	448	-

**Detroit Property Tax Limited Scope Forensic Audit
Differences Between Assessment Rolls and Treasury File
For the 2018 Assessment Year**

**Exhibit D
Schedule 2**

232	27180191.	448	-
233	27180192.	448	-
234	27180193.	448	-
235	27180194.	448	-
236	27180195.	448	-
237	27180196.	448	-
238	27180197.	448	-
239	27180198.	448	-
240	27180199.	448	-
241	27180200.	448	-
242	27180201.	448	-
243	27180202.	448	-
244	27180203.	448	-
245	27180204.	448	-
246	27180205.	448	-
247	27180206.	448	-
248	27180207.	448	-
249	27180208.	448	-
250	27180209.	448	-
251	27180210.	448	-
252	27180211.	448	-
253	27180212.	448	-
254	27180213.	448	-
255	27180214.	448	-
256	27180215.	448	-
257	27180216.	448	-
258	27180217.	448	-
259	27180218.	448	-
260	27180219.	448	-
261	27180220.	448	-
262	2718101	448	-

Notes

[1] Orange highlight indicates that the parcel was present in both files, but the property class codes did not match.

**Detroit Property Tax Limited Scope Forensic Audit
Differences Between Assessment Rolls and Treasury File
For the 2019 Assessment Year**

**Exhibit D
Schedule 3**

In Treasury Bills but not Assessment Roll			
	Parcel	Property Class	Taxable Value
1	22077037.	448	22,500.00
2	22097363.	448	10,854.00
3	22119059-61	448	21,800.00
4	23002001.081	447	-
5	23002006.0422	446	-
6	23002015.0141	447	-
7	23002015.082	447	-
8	23002015.084	446	-
9	23002015.093	446	-
10	23002015.104	446	-
11	23002015.107	447	-
12	23002015.143	447	-
13	23002015.147	447	-
14	23002015.150	447	-
15	23002015.151	447	-
16	23002015.153	447	-
17	23002015.155	447	-
18	23002015.157	447	-
19	23002015.159	447	-
20	23002015.160	447	-
21	23002015.161	447	-
22	23002015.163	447	-
23	23002015.164	447	-
24	23002015.166	447	-
25	23002015.167	447	-
26	23002015.168	447	-
27	23002015.169	447	-
28	23002015.170	447	-
29	23002017.033	446	-
30	23002017.034	446	-
31	23002017.092	447	-
32	23002017.093	447	-
33	23002017.094	447	-
34	23002017.095	447	-
35	23002017.096	447	-
36	23002017.097	447	-
37	23002017.098	447	-
38	23002017.099	447	-
39	23002017.102	447	-
40	23002017.103	447	-
41	23002017.104	447	-
42	23002017.105	447	-
43	23002017.106	447	-
44	23002017.110	447	-
45	23002017.113	447	-
46	23002017.114	447	-
47	23002017.116	447	-
48	23002017.117	447	-
49	23002017.119	447	-
50	23002017.120	447	-
51	23002017.121	447	-
52	23002017.205	446	-
53	23002017.206	446	-
54	23002017.207	446	-

In Assessment Roll but not Treasury Bills		
Parcel	Property Class	Taxable Value
13000843.	401	409.00
22077037.	401	22,500.00
22097363.	401	10,854.00
22119059-61	401	21,800.00

**Detroit Property Tax Limited Scope Forensic Audit
Differences Between Assessment Rolls and Treasury File
For the 2019 Assessment Year**

**Exhibit D
Schedule 3**

	In Treasury Bills but not Assessment Roll		In Assessment Roll but not Treasury Bills	
55	23002017.208	446	-	
56	23002017.209	446	-	
57	23002017.210	446	-	
58	23002017.211	446	-	
59	23002017.212	446	-	
60	23002017.213	446	-	
61	23002017.214	446	-	
62	23002017.215	446	-	
63	23002017.216	446	-	
64	23002017.217	446	-	
65	23002017.219	446	-	
66	23002017.220	446	-	
67	23002017.221	446	-	
68	23002017.222	446	-	
69	23002017.223	446	-	
70	23002017.224	446	-	
71	23002017.225	446	-	
72	23002017.226	446	-	
73	23002017.227	446	-	
74	23002017.228	446	-	
75	23002017.229	446	-	
76	23002017.230	446	-	
77	23002017.231	446	-	
78	23002017.232	446	-	
79	23002017.233	446	-	
80	23002017.235	446	-	
81	23002017.236	446	-	
82	23002017.237	446	-	
83	23002017.238	446	-	
84	23002017.239	446	-	
85	23002017.240	446	-	
86	23002017.241	446	-	
87	23002017.242	446	-	
88	23002017.243	446	-	
89	23002017.244	446	-	
90	23002017.245	446	-	
91	23002017.246	446	-	
92	23002017.247	446	-	
93	23002017.248	446	-	
94	23002017.249	446	-	
95	23002017.250	446	-	
96	23002017.251	446	-	
97	23002017.252	446	-	
98	23002017.253	446	-	
99	23002017.254	446	-	
100	23002017.255	446	-	
101	23002017.256	446	-	
102	23002017.257	446	-	
103	23002017.258	446	-	
104	23002017.259	446	-	
105	23002017.260	446	-	
106	23002017.261	446	-	
107	23002017.262	446	-	
108	23002017.263	446	-	
109	23002017.264	446	-	
110	23002017.265	446	-	

**Detroit Property Tax Limited Scope Forensic Audit
Differences Between Assessment Rolls and Treasury File
For the 2019 Assessment Year**

**Exhibit D
Schedule 3**

	In Treasury Bills but not Assessment Roll		In Assessment Roll but not Treasury Bills	
111	23002017.266	446	-	
112	23002017.267	446	-	
113	23002017.268	446	-	
114	23002017.269	446	-	
115	23002017.270	446	-	
116	23002017.271	446	-	
117	23002017.272	446	-	
118	23002017.273	446	-	
119	23002017.274	446	-	
120	23002017.275	446	-	
121	23002017.276	446	-	
122	23002017.277	446	-	
123	23002017.278	446	-	
124	23002017.279	446	-	
125	23002017.280	446	-	
126	23002017.281	446	-	
127	23002017.282	446	-	
128	23002017.283	446	-	
129	23002017.284	446	-	
130	23002017.285	446	-	
131	23002017.286	446	-	
132	23002017.287	446	-	
133	23002017.288	446	-	
134	23002017.289	446	-	
135	23002017.290	446	-	
136	23002017.291	446	-	
137	23002017.292	446	-	
138	23002017.293	446	-	
139	23002017.294	446	-	
140	23002017.295	446	-	
141	23002017.296	446	-	
142	23002017.297	446	-	
143	23002017.298	446	-	
144	27061827.	448	-	
145	27190001.	448	-	
146	27190002.	448	-	
147	27190003.	448	-	
148	27190004.	448	-	
149	27190005.	448	-	
150	27190006.	448	-	
151	27190007.	448	-	
152	27190009.	448	-	
153	27190013.	448	-	
154	27190014.	448	-	
155	27190015.	448	-	
156	27190018.	448	-	
157	27190019.	448	-	
158	27190022.	448	-	
159	27190023.	448	-	
160	27190024.	448	-	
161	27190025.	448	-	
162	27190026.	448	-	
163	27190027.	448	-	
164	27190028.	448	-	
165	27190029.	448	-	
166	27190030.	448	-	

**Detroit Property Tax Limited Scope Forensic Audit
Differences Between Assessment Rolls and Treasury File
For the 2019 Assessment Year**

**Exhibit D
Schedule 3**

	In Treasury Bills but not Assessment Roll		In Assessment Roll but not Treasury Bills	
167	27190031.	448	-	
168	27190033.	448	-	
169	27190036.	448	-	
170	27190038.	448	-	
171	27190039.	448	-	
172	27190040.	448	-	
173	27190042.	448	-	
174	27190043.	448	-	
175	27190044.	448	-	
176	27190045.	448	-	
177	27190047.	448	-	
178	27190048.	448	-	
179	27190049.	448	-	
180	27190050.	448	-	
181	27190051.	448	-	
182	27190052.	448	-	
183	27190054.	448	-	
184	27190056.	448	-	
185	27190057.	448	-	
186	27190058.	448	-	
187	27190059.	448	-	
188	27190060.	448	-	
189	27190061.	448	-	
190	27190063.	448	-	
191	27190066.	448	-	
192	27190068.	448	-	
193	27190069.	448	-	
194	27190070.	448	-	
195	27190071.	448	-	
196	27190072.	448	-	
197	27190073.	448	-	
198	27190074.	448	-	
199	27190075.	448	-	
200	27190078.	448	-	
201	27190079.	448	-	
202	27190082.	448	-	
203	27190083.	446	-	
204	27190084.	448	-	
205	27190085.	448	-	
206	27190087.	448	-	
207	27190088.	448	-	
208	27190089.	448	-	
209	27190090.	448	-	
210	27190093.	448	-	
211	27190095.	448	-	
212	27190096.	448	-	
213	27190097.	448	-	
214	27190098.	448	-	
215	27190099.	448	-	
216	27190100.	448	-	
217	27190101.	448	-	
218	27190102.	448	-	
219	27190104.	448	-	
220	27190105.	448	-	
221	27190106.	448	-	
222	27190107.	448	-	

**Detroit Property Tax Limited Scope Forensic Audit
Differences Between Assessment Rolls and Treasury File
For the 2019 Assessment Year**

**Exhibit D
Schedule 3**

	In Treasury Bills but not Assessment Roll		In Assessment Roll but not Treasury Bills	
223	27190108.	448	-	
224	27190110.	448	-	
225	27190111.	448	-	
226	27190112.	448	-	
227	27190113.	448	-	
228	27190114.	448	-	
229	27190116.	448	-	
230	27190117.	448	-	
231	27190118.	448	-	
232	27190122	448	-	
233	27190123.	448	-	
234	27190124.	448	-	
235	27190126.	448	-	
236	27190127.	448	-	
237	27190128.	448	-	
238	27190129.	448	-	
239	27190130.	448	-	
240	27190133.	448	-	
241	27190134.	448	-	
242	27190135.	448	-	
243	27190136.	448	-	
244	27190138.	448	-	
245	27190140.	448	-	
246	27190142.	448	-	
247	27190143.	448	-	
248	27190144.	448	-	
249	27190146.	448	-	
250	27190147.	448	-	
251	27190150.	448	-	
252	27190151.	448	-	
253	27190154.	448	-	
254	27190155.	448	-	
255	27190156.	448	-	
256	27190157.	448	-	
257	27190158.	448	-	
258	27190159.	448	-	
259	27190160.	448	-	
260	27190161.	448	-	
261	27190162.	448	-	
262	27190163.	448	-	
263	27190164.	448	-	
264	27190165.	448	-	
265	27190166.	448	-	
266	27190167.	448	-	
267	27190169.	448	-	
268	27190170.	448	-	
269	27190171.	448	-	
270	27190172.	448	-	
271	27190173.	448	-	
272	27190175.	448	-	
273	27190176.	448	-	
274	27190177.	448	-	
275	27190178.	448	-	
276	27190179.	448	-	
277	27190181.	448	-	
278	27190182.	448	-	

**Detroit Property Tax Limited Scope Forensic Audit
Differences Between Assessment Rolls and Treasury File
For the 2019 Assessment Year**

**Exhibit D
Schedule 3**

	In Treasury Bills but not Assessment Roll		In Assessment Roll but not Treasury Bills	
279	27190183.	448	-	
280	27190184.	448	-	
281	27190185.	448	-	
282	27190186.	448	-	
283	27190187.	448	-	
284	27190188.	448	-	
285	27190190.	448	-	
286	27190191.	448	-	
287	27190192.	448	-	
288	27190193.	448	-	
289	27190194.	448	-	
290	27190195.	448	-	
291	27190198.	448	-	
292	27190199.	448	-	
293	27190200.	448	-	
294	27190201.	448	-	
295	27190202.	448	-	
296	27190203.	448	-	
297	27190204.	448	-	
298	27190205.	448	-	
299	27190206.	448	-	
300	27190207.	448	-	
301	27190208.	448	-	
302	27190209.	448	-	
303	27190210.	448	-	
304	27190211.	448	-	
305	27190212.	448	-	
306	27190213.	448	-	
307	27190214.	448	-	
308	27190215.	448	-	
309	27190216.	448	-	
310	27190217.	448	-	
311	27190218.	448	-	
312	27190219.	448	-	
313	27190220.	448	-	
314	27190221.	448	-	
315	27190222.	448	-	
316	27190223.	448	-	
317	27190224.	448	-	
318	27190225.	448	-	
319	27190226.	448	-	
320	27190227.	448	-	
321	27190228.	448	-	
322	27190229.	448	-	
323	27190230.	448	-	
324	27190231.	448	-	
325	27190232.	448	-	
326	27190233.	448	-	
327	27190234.	448	-	
328	27190235.	448	-	
329	27190236.	448	-	
330	27190237.	448	-	
331	27190238.	448	-	
332	27190239.	448	-	
333	27190241.	448	-	
334	27190242.	448	-	

**Detroit Property Tax Limited Scope Forensic Audit
Differences Between Assessment Rolls and Treasury File
For the 2019 Assessment Year**

**Exhibit D
Schedule 3**

	In Treasury Bills but not Assessment Roll		In Assessment Roll but not Treasury Bills	
335	27190243.	448	-	
336	27190244.	448	-	
337	27190245.	448	-	
338	27190246.	448	-	
339	27190247.	448	-	
340	27190248.	448	-	
341	27190249.	448	-	
342	27190250.	448	-	
343	27190251.	448	-	
344	27190252.	448	-	
345	27190253.	448	-	
346	27190254.	448	-	
347	27190255.	448	-	
348	27190256.	448	-	
349	27190257.	448	-	
350	27190258.	448	-	
351	27190259.	448	-	
352	27190260.	448	-	
353	27190261.	448	-	
354	27190263.	448	-	
355	27190264.	448	-	
356	27190265.	448	-	
357	27190266.	448	-	
358	27190267.	448	-	
359	27190268.	448	-	
360	27190269.	448	-	
361	27190270.	448	-	
362	27190271.	448	-	
363	27190272.	448	-	
364	27190273.	448	-	
365	27190274.	448	-	
366	27190275.	448	-	
367	27190276.	448	-	
368	27190277.	448	-	
369	27190278.	448	-	
370	27190279.	448	-	
371	27190280.	448	-	
372	27190281.	448	-	
373	27190282.	448	-	
374	27190283.	448	-	
375	27190284.	448	-	
376	27190285.	448	-	
377	27190286.	448	-	
378	27190287.	448	-	
379	27190288.	448	-	
380	27190289.	448	-	
381	27190290.	448	-	
382	27190292.	448	-	
383	27190293.	448	-	
384	27190294.	448	-	
385	27190295.	448	-	
386	27190296.	448	-	

Notes

[1] Orange highlight indicates that the parcel was present in both files, but the property class codes did not match.

**Detroit Property Tax Limited Scope Forensic Audit
Differences Between Assessment Rolls and Treasury File
For the 2020 Assessment Year**

**Exhibit D
Schedule 4**

In Treasury Bills but not Assessment Roll			
	Parcel	Property Class	Taxable Value
1	15000521-3	402	-
2	23002004.0509	446	-
3	23002017.036	446	-
4	23002017.039	447	-
5	23002017.040	447	-
6	23002017.041	447	-
7	23002017.042	447	-
8	23002017.057	447	-
9	23002017.059	447	-
10	23002017.061	447	-
11	23002017.070	447	-
12	23002017.073	447	-
13	23002017.107	447	-
14	23002017.108	447	-
15	23002017.112	447	-
16	23002017.115	447	-
17	23002017.124	447	-
18	23002017.125	447	-
19	23002017.126	447	-
20	23002017.127	447	-
21	23002017.128	447	-
22	23002017.129	447	-
23	23002017.130	447	-
24	23002017.145	447	-
25	23002017.146	447	-
26	23002017.147	447	-
27	23002017.148	447	-
28	23002017.149	447	-
29	23002017.151	447	-
30	23002017.152	447	-
31	23002017.153	447	-
32	23002017.299	446	-
33	23002017.300	446	-
34	23002017.303	446	-
35	23002017.312	446	-
36	23002017.314	446	-
37	23002017.317	446	-
38	23002017.320	447	-
39	23002017.321	447	-
40	23002017.322	447	-
41	23002018.009	446	-
42	23002018.018	446	-
43	23002018.020	447	-
44	23002018.021	447	-
45	23002018.022	447	-
46	23002018.024	447	-
47	23002018.025	447	-
48	23002018.026	447	-
49	23002018.028	447	-
50	23002018.029	447	-
51	23002018.066	447	-
52	23002018.067	447	-
53	23002018.068	447	-
54	23002018.069	447	-

In Assessment Roll but not Treasury Bills		
Parcel	Property Class	Taxable Value
08008335-48	483	-

**Detroit Property Tax Limited Scope Forensic Audit
Differences Between Assessment Rolls and Treasury File
For the 2020 Assessment Year**

**Exhibit D
Schedule 4**

	In Treasury Bills but not Assessment Roll		In Assessment Roll but not Treasury Bills	
55	23002018.070	447	-	
56	23002018.071	447	-	
57	23002018.072	447	-	
58	23002018.073	447	-	
59	23002018.105	446	-	
60	23002018.106	446	-	
61	23002018.107	446	-	
62	23002018.108	446	-	
63	23002018.109	446	-	
64	23002018.110	446	-	
65	23002018.111	446	-	
66	23002018.112	446	-	
67	23002018.113	446	-	
68	23002018.114	446	-	
69	23002018.115	446	-	
70	23002018.116	446	-	
71	23002018.117	446	-	
72	23002018.118	446	-	
73	23002018.119	446	-	
74	23002018.120	446	-	
75	23002018.121	446	-	
76	23002018.122	446	-	
77	23002018.123	446	-	
78	23002018.124	446	-	
79	23002018.125	446	-	
80	23002018.126	446	-	
81	23002018.127	446	-	
82	23002018.128	446	-	
83	23002018.129	446	-	
84	23002018.130	446	-	
85	23002018.131	446	-	
86	23002018.132	446	-	
87	23002018.133	446	-	
88	23002018.134	446	-	
89	23002018.135	446	-	
90	23002018.136	446	-	
91	23002018.137	446	-	
92	23002018.138	446	-	
93	23002018.139	446	-	
94	23002018.140	446	-	
95	23002018.141	446	-	
96	23002018.142	446	-	
97	23002018.143	446	-	
98	23002018.144	446	-	
99	23002018.145	446	-	
100	23002018.146	446	-	
101	23002018.147	446	-	
102	23002018.1480	446	-	
103	23002018.149	446	-	
104	23002018.150	446	-	
105	23002018.151	446	-	
106	23002018.152	446	-	
107	23002018.153	446	-	
108	23002018.154	446	-	
109	23002018.155	446	-	
110	23002018.156	446	-	

**Detroit Property Tax Limited Scope Forensic Audit
Differences Between Assessment Rolls and Treasury File
For the 2020 Assessment Year**

**Exhibit D
Schedule 4**

	In Treasury Bills but not Assessment Roll		In Assessment Roll but not Treasury Bills	
111	23002018.157	446	-	
112	23002018.158	446	-	
113	23002018.159	446	-	
114	23002018.160	446	-	
115	23002019.006	446	-	
116	23002019.007	446	-	
117	23002019.008	446	-	
118	23002019.009	446	-	
119	23002019.010	446	-	
120	23002019.011	446	-	
121	23002019.019	446	-	
122	23002019.023	447	-	
123	23002019.028	447	-	
124	23002019.029	447	-	
125	23002019.080	446	-	
126	23002019.118	446	-	
127	23002019.119	446	-	
128	23002019.149	446	-	
129	23002019.150	446	-	
130	23002019.151	446	-	
131	23002019.152	446	-	
132	23002019.153	446	-	
133	23002019.154	446	-	
134	23002019.155	446	-	
135	23002019.156	446	-	
136	23002019.157	446	-	
137	23002019.158	446	-	
138	23002019.159	446	-	
139	23002019.160	446	-	
140	23002019.161	446	-	
141	23002019.162	446	-	
142	23002019.163	446	-	
143	23002019.164	446	-	
144	23002019.165	446	-	
145	23002019.166	446	-	
146	23002019.167	446	-	
147	23002019.168	446	-	
148	23002019.169	446	-	
149	23002019.170	446	-	
150	23002019.171	446	-	
151	23002019.172	446	-	
152	23002019.173	446	-	
153	23002019.174	446	-	
154	23002019.175	446	-	
155	23002019.176	446	-	
156	23002019.177	446	-	
157	23002019.178	446	-	
158	23002019.179	446	-	
159	23002019.180	446	-	
160	23002019.181	446	-	
161	23002019.182	446	-	
162	23002020.032	447	-	
163	23002020.118	447	-	
164	23002020.119	447	-	
165	23002020.120	447	-	
166	23002020.162	447	-	

**Detroit Property Tax Limited Scope Forensic Audit
Differences Between Assessment Rolls and Treasury File
For the 2020 Assessment Year**

**Exhibit D
Schedule 4**

	In Treasury Bills but not Assessment Roll		In Assessment Roll but not Treasury Bills	
167	27200001.	448	-	
168	27200002.	448	-	
169	27200003.	448	-	
170	27200004.	448	-	
171	27200005.	448	-	
172	27200006.	448	-	
173	27200007.	448	-	
174	27200008.	448	-	
175	27200009.	448	-	
176	27200010.	448	-	
177	27200011.	448	-	
178	27200012.	448	-	
179	27200014.	448	-	
180	27200015.	448	-	
181	27200016.	448	-	
182	27200017.	448	-	
183	27200018.	448	-	
184	27200019.	448	-	
185	27200020.	448	-	
186	27200021.	448	-	
187	27200022.	448	-	
188	27200023.	448	-	
189	27200024.	448	-	
190	27200025.	448	-	
191	27200026.	401	-	
192	27200027.	448	-	
193	27200028.	448	-	
194	27200029.	448	-	
195	27200030.	448	-	
196	27200031.	448	-	
197	27200032.	448	-	
198	27200033.	448	-	
199	27200034.	448	-	
200	27200035.	448	-	
201	27200036.	448	-	
202	27200037.	448	-	
203	27200038.	448	-	
204	27200039.	448	-	
205	27200040.	448	-	
206	27200041.	448	-	
207	27200042.	448	-	
208	27200043.	448	-	
209	27200044.	448	-	
210	27200045.	448	-	
211	27200046.	448	-	
212	27200047.	448	-	
213	27200048.	448	-	
214	27200049.	448	-	
215	27200050.	448	-	
216	27200051.	448	-	
217	27200052.	448	-	
218	27200053.	448	-	
219	27200054.	448	-	
220	27200055.	448	-	
221	27200056.	448	-	
222	27200057.	448	-	

**Detroit Property Tax Limited Scope Forensic Audit
Differences Between Assessment Rolls and Treasury File
For the 2020 Assessment Year**

**Exhibit D
Schedule 4**

	In Treasury Bills but not Assessment Roll		In Assessment Roll but not Treasury Bills	
223	27200058.	448	-	
224	27200059.	448	-	
225	27200060.	448	-	
226	27200061.	448	-	
227	27200062.	448	-	
228	27200063.	448	-	
229	27200064.	448	-	
230	27200065.	448	-	
231	27200066.	448	-	
232	27200067.	448	-	
233	27200068.	448	-	
234	27200069.	448	-	
235	27200070.	448	-	
236	27200071.	401	-	
237	27200072.	448	-	
238	27200073.	448	-	
239	27200074.	448	-	
240	27200075.	448	-	
241	27200076.	448	-	
242	27200077.	448	-	
243	27200078.	448	-	
244	27200079.	448	-	
245	27200080.	448	-	
246	27200081.	448	-	
247	27200082.	448	-	
248	27200083.	448	-	
249	27200084.	448	-	
250	27200085.	448	-	
251	27200086.	448	-	
252	27200087.	448	-	
253	27200088.	448	-	
254	27200089.	448	-	
255	27200090.	448	-	
256	27200091.	448	-	
257	27200092.	448	-	
258	27200093.	448	-	
259	27200094.	448	-	
260	27200095.	448	-	
261	27200096.	448	-	
262	27200097.	448	-	
263	27200098.	448	-	
264	27200099.	448	-	
265	27200100.	448	-	
266	27200101.	448	-	
267	27200102.	448	-	
268	27200103.	448	-	
269	27200104.	448	-	
270	27200105.	448	-	
271	27200106.	448	-	
272	27200107.	448	-	
273	27200108.	448	-	
274	27200109.	448	-	
275	27200110.	448	-	
276	27200111.	448	-	
277	27200112.	448	-	
278	27200113.	448	-	

**Detroit Property Tax Limited Scope Forensic Audit
Differences Between Assessment Rolls and Treasury File
For the 2020 Assessment Year**

**Exhibit D
Schedule 4**

	In Treasury Bills but not Assessment Roll		In Assessment Roll but not Treasury Bills	
279	27200114.	448	-	
280	27200115.	448	-	
281	27200116.	448	-	
282	27200117.	448	-	
283	27200118.	448	-	
284	27200119.	448	-	
285	27200120.	448	-	
286	27200121.	448	-	
287	27200122.	401	-	
288	27200123.	448	-	
289	27200124.	448	-	
290	27200125.	448	-	
291	27200126.	448	-	
292	27200127.	448	-	
293	27200128.	448	-	
294	27200129.	448	-	
295	27200130.	448	-	
296	27200131.	448	-	
297	27200132.	448	-	
298	27200133.	448	-	
299	27200134.	448	-	
300	27200135.	448	-	
301	27200136.	448	-	
302	27200137.	448	-	
303	27200138.	448	-	
304	27200139.	448	-	
305	27200140.	448	-	
306	27200141.	448	-	
307	27200142.	448	-	
308	27200143.	448	-	
309	27200144.	448	-	
310	27200145.	448	-	
311	27200146.	448	-	
312	27200147.	448	-	
313	27200148.	448	-	
314	27200149.	448	-	
315	27200150.	448	-	
316	27200151.	448	-	
317	27200152.	448	-	
318	27200153.	448	-	
319	27200154.	448	-	
320	27200155.	448	-	
321	27200156.	448	-	
322	27200157.	448	-	
323	27200158.	448	-	
324	27200159.	448	-	
325	27200160.	448	-	
326	27200161.	448	-	
327	27200162.	401	-	
328	27200163.	448	-	
329	27200164.	448	-	
330	27200165.	448	-	
331	27200166.	448	-	
332	27200167.	448	-	
333	27200168.	448	-	
334	27200169.	448	-	

**Detroit Property Tax Limited Scope Forensic Audit
Differences Between Assessment Rolls and Treasury File
For the 2020 Assessment Year**

**Exhibit D
Schedule 4**

	In Treasury Bills but not Assessment Roll		In Assessment Roll but not Treasury Bills	
335	27200170.	448	-	
336	27200171.	448	-	
337	27200172.	448	-	
338	27200173.	448	-	
339	27200174.	448	-	
340	27200175.	448	-	
341	27200176.	448	-	
342	27200177.	448	-	
343	27200178.	448	-	
344	27200179.	448	-	
345	27200180.	448	-	
346	27200181.	448	-	
347	27200182.	448	-	
348	27200183.	448	-	
349	27200184.	448	-	
350	27200185.	448	-	
351	27200186.	448	-	
352	27200187.	448	-	
353	27200188.	448	-	
354	27200189.	448	-	
355	27200190.	448	-	
356	27200191.	448	-	
357	27200192.	448	-	
358	27200193.	448	-	
359	27200194.	448	-	
360	27200195.	448	-	
361	27200196.	448	-	
362	27200197.	448	-	
363	27200198.	448	-	
364	27200199.	448	-	
365	27200200.	448	-	
366	27200201.	448	-	
367	27200203.	448	-	
368	27200204.	448	-	
369	27200205.	448	-	
370	27200206.	448	-	
371	27200207.	448	-	
372	27200208.	448	-	
373	27200209.	448	-	
374	27200210.	448	-	
375	27200211.	448	-	
376	27200212.	448	-	
377	27200213.	448	-	
378	27200214.	448	-	
379	27200215.	448	-	
380	27200216.	448	-	
381	27200217.	448	-	
382	27200219.	448	-	
383	27200220.	448	-	
384	27200221.	448	-	
385	27200223.	448	-	
386	27200224.	448	-	
387	27200225.	448	-	
388	27200226.	448	-	
389	27200227.	448	-	
390	27200229.	448	-	

**Detroit Property Tax Limited Scope Forensic Audit
Differences Between Assessment Rolls and Treasury File
For the 2020 Assessment Year**

**Exhibit D
Schedule 4**

In Treasury Bills but not Assessment Roll			In Assessment Roll but not Treasury Bills		
391	27200230.	448	-		
392	27200231.	448	-		
393	27200232.	448	-		
394	27200235.	448	-		
395	27200236.	448	-		
396	27200238.	448	-		
397	27200240.	448	-		
398	27200243.	448	-		
399	27200244.	448	-		
400	27200246.	448	-		
401	27200249.	448	-		
402	27200252.	448	-		

Notes

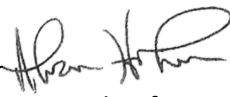
Orange highlight indicates that the parcel was present in both files, but the property class codes did not match.



**OFFICE OF THE
CHIEF FINANCIAL OFFICER
OFFICE OF THE ASSESSOR**

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TO: Mark Lockridge, Auditor General
FROM: Alvin Horhn, Deputy CFO - Assessor 
SUBJECT: Office of the Auditor General's Forensic Audit of Citywide Residential Property Assessments
DATE: June 14, 2022

We appreciate and acknowledge the diligence involved in producing this audit report. We also acknowledge and thank our City of Detroit staff in the Office of the Assessor for their help and cooperation over the last 14 months in pulling together data, responding to emails and attending meetings, answering questions, and sharing documents. Our formal response to the findings identified in the Audit Report is attached to this memo.

The audit report has two main focus areas. It provides an overview of, and recommendations related to, the effectiveness of the assessment system and the system of internal controls; revisiting the history of overassessment which led to the Pre-Reappraisal Period of 2010 to 2016. It also discusses the actions taken by the City during the Pre-Reappraisal Period which culminated in the corrective actions taken and the reappraisal completed December 31, 2016 for valuations used to establish the 2017 assessment roll.

Several facts are helpful in reviewing the history and evaluating where overassessment activities may have resulted in over taxation are revealed in the report and the following information that offers context to the report. These include:

1. Between 2010 and 2016, a massive review of assessments resulted in 87% of residential property having an assessed value equal to taxable value by 2016.
2. Residential properties with the lowest values saw the greatest attention from this review.
3. By 2016 tax year, over 157,000 residential properties valued under \$20,000 had a taxable value equal to their assessed values; representing 87% of those properties.
4. Mayor Duggan's action to address the assessment process accelerated taxable value reductions, lowering taxable values of residential properties by over 26% in 2 years.

Pre-Reappraisal Period

While not essential for purposes of their recommendations, the report highlights some data in its "Additional Data Analysis" section which is important to consider in evaluating progress made in addressing the assessment practices. The report, in paragraphs 44 through 46 notes the practice from 2011 through 2016 where very few residential properties saw an increase in assessed values if they were not transferred. Of the years reported, these residential properties saw more than 10% of the group increase in only 2015.

These significant reductions in assessed values translated into significant annual reductions in residential property taxable values; indicating that the reductions in assessed values were great enough in many instances to correct past over-assessments. The report concludes that the action taken to lower

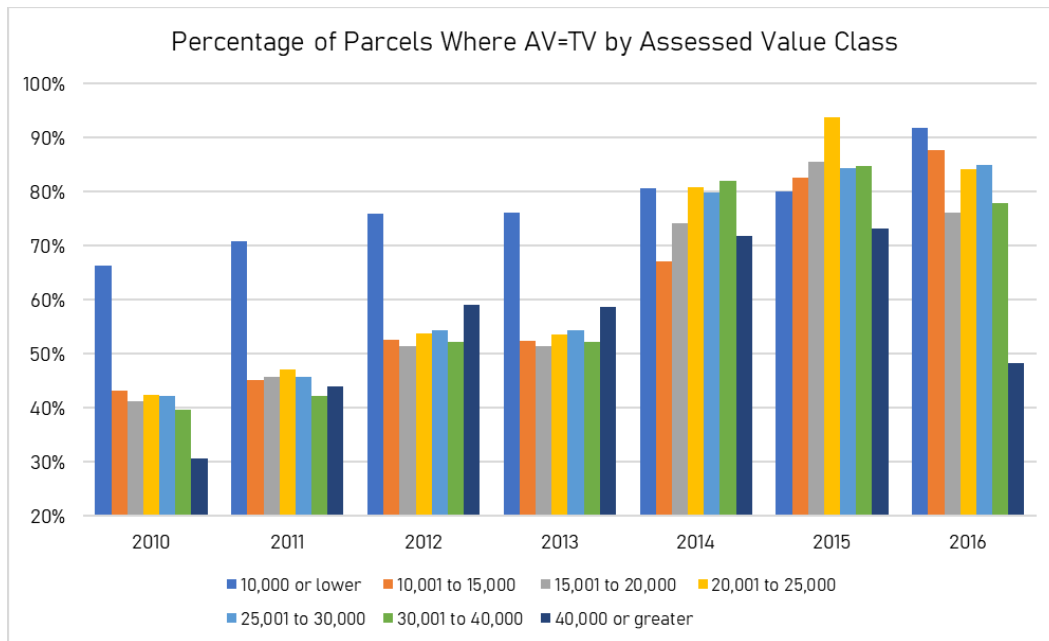
assessments from 2010 to 2016 effectively eliminated assessments over taxable values for 81% of residential properties that were not transferred in this period.

Additional context of these changes can help explain which properties were experiencing this relief and the pace of the correction.

Lower Valued Properties See Reductions

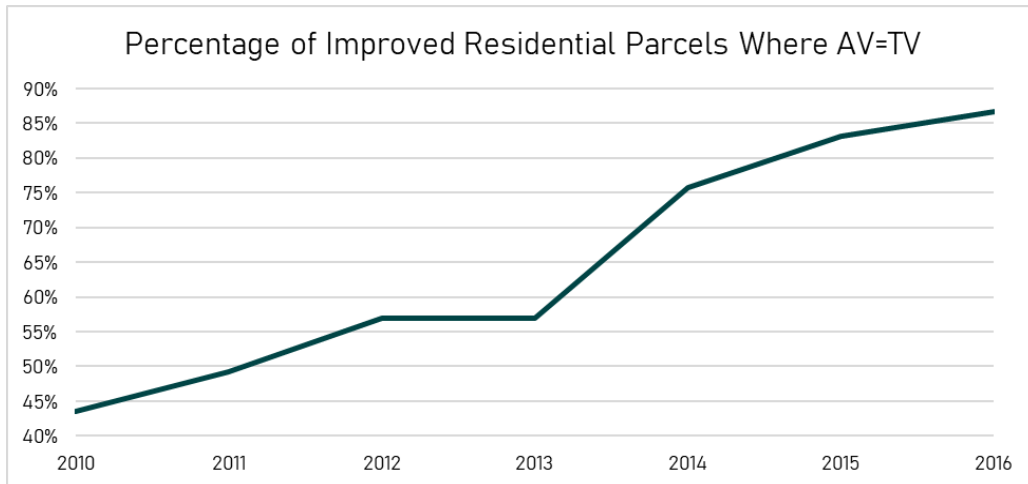
While, as the Stout report confirms, assessment and taxable values of residential properties were dropping consistently from 2010, it is significant to recognize that lower value properties experienced the most reductions and the greatest pace of reductions. Moreover, assessments were being lowered to such a degree that taxable values for many properties decreased, as evidenced by the large increase in the number of properties with lower assessed and taxable values. This shift accelerated dramatically in 2014.

The following charts display that history. The first chart shows the percentage of residential properties, within each value classification, that had taxable values equal to assessed value each year. It clearly indicates that the City was lowering assessments each year to at or below the prior year’s taxable value, with great impact upon the lowest valued properties.



Cumulative Residential Reductions Top 87% by 2017

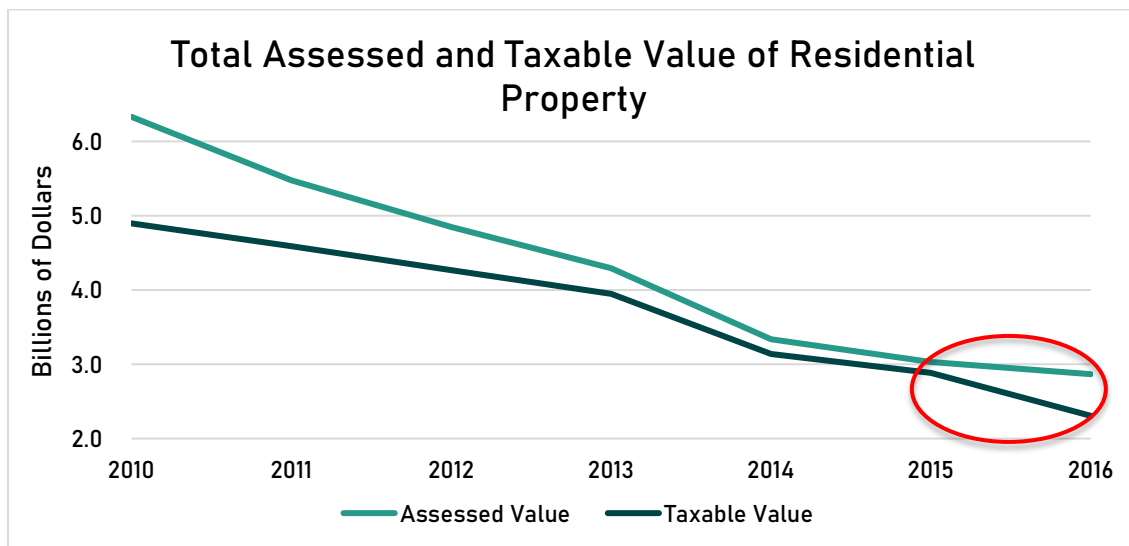
Accumulating the activity across all value classifications, the following graph shows the percentage of residential properties where taxable values equal assessed values. With the increase in 2014 and after, over 85% of all residential properties had no difference between taxable value and assessed value. This corresponds to the Stout report’s estimate.



Assessed Values and Taxable Values Cut in Half for Residential Properties

The following graph displays the dramatic impact these actions had on the total assessed values and taxable values of improved residential properties that were not transferred in this period. Assessed values were decreased from \$5.48 billion in 2010 to \$2.87 billion in 2016. These assessed value decreases had, as the Stout report noted, a “direct influence” on the property tax reductions since so many of the assessed values were changed to equal taxable values.

Further examination of the data reveals that taxable values continued to drop in 2016 while assessed values remained relatively flat. As the 2016 data in the first chart above shows, this is in part because the Mayor’s improved assessment practices made further corrections that particularly lowered values for properties with the lowest assessed values.



Stout’s report supports what the City had been doing for years, lowering assessments year after year in the years during the Recession and leading up to the bankruptcy filing in 2013. When Mayor Duggan was elected in 2014, he commenced an acceleration of the assessment process transformation and instituted

a citywide reappraisal. These moves accelerated the taxable value reductions, lowering taxable values of residential properties by over 26% in 2 years.

Many factors influence a property's taxes, including the market for the property and whether taxable values may be so much lower than its assessed value due to the length of time the property remained with the same owner. Assessment practices contributed to a lag in dropping assessments during the Recession, particularly for properties with lower values. Those properties were the first to see corrections as the most likely to be overassessed. As the Stout report notes, however, the properties that did not experience a reduction in their assessed values down to their taxable values may not have experienced an overcharge of property tax from a potential over assessment.

While there are areas that still need improvement in the Assessor's office, the data and charts in this report related to property assessments show the City of Detroit over a ten-year span took very drastic steps to reduce assessments in response to the Great Recession and those who benefitted the most were overwhelmingly homeowners with property values under \$25,000.

Considering the documented problems with assessment administration and valuation practices in Detroit, which led directly to State oversight of the Assessment Roll, we appreciate independent audits and reviews that not only reveal areas in need of improvement, but also highlight significant accomplishments that have addressed those longstanding problems. The Office of the Assessor has been dogmatic in efforts to fix problem areas and make changes.

ATT: Implementation Tracking of Responses to Forensic Audit of Citywide Residential Property Tax Assessment – Office of the Auditor General

OFFICE OF THE AUDITOR GENERAL

**Forensic Audit of Citywide Residential Property Tax Assessments
January 1, 2010 – December 31, 2020MAY 2022**

**Interim Audit Report of
Raymond A. Roth III, CPA, CFE, Stout Risius Ross**

Implementation Tracking of Departmental Responses

RECOMMENDATIONS (OFFICE OF THE ASSESORS DEPARTMENT RESPONSE(S)	ESTIMATED/ PLANNED IMPLEMENTATION DATE	CONTACT PERSON	CONTACT PERSON NUMBER
REF.		SPECIFIC RECOMMENDATION				
105.a.	Use all Available Budget	The Assessments Division has not used all of its available budget in any year of the Pre- or Post- Reappraisal Period. A lack of staffing resources was consistently cited among all employees of the Assessments Division I interviewed. However, the absence of staff is not completely from a lack of available budget, but rather from not fully using the budget that is available.	<p>The Office of the Assessor consistently attempts to fill vacancies as they occur through our division. The final decision on whether to fill a position or not does not solely rest with the Office of the Assessor, It should be noted that the period referenced by the report, the “Pre-Reappraisal Period”, from January 1, 2010 through December 31. 2016, includes a substantial period of time during which the City experienced substantial financial constraints, management control by a state appointed emergency manager, and a municipal bankruptcy. This recommendation, which assumes an appropriation is a mandate to spend, fails to provide this necessary context.</p> <p>The City builds its expenditure budget conservatively by assuming that all FTE will be on the payroll all year long. This ensures that the budget will not be over-extended in future years. Like other OCFO divisions, the Office of the Assessor works to recruit talented professionals throughout the year. The Office’s goal is to fill all its vacancies, but nonetheless has carried some vacant positions for part of the year.</p>	NA	NA	NA

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105.b.	Enhance Employee Recruitment and Retention	As stated above, the lack of staffing is not completely related to a lack of Assessments Division budget, but also the difficulties in recruiting and retaining employees. The Assessments Division, along with the City's Human Resources Department should develop processes that better recruit and retain employees to the Assessments Division. These processes should consider not only compensation related to other jurisdictions but also increased workloads compared to these other divisions, safety considerations for field reviews, opportunities for career advancement and other considerations related to overall job satisfaction	OCFO recognizes how valuable our employees are and implements strategies across the department to improve recruitment and retention. These strategies comprise robust department onboarding which includes an OCFO orientation and access to our New Hire Ambassador program; various employee engagement activities including monthly Learning with Leadership sessions and employee feedback sessions to help inform strategies to address Employee Engagement surveys; as well as a Mentor Program and divisional succession planning to ensure our employees understand their potential career paths. In addition, over the last several years the Office of the Assessor has taken specific steps to retain existing employees and to provide opportunities for advancement. Those steps include creating more professional titles at higher salaries, paying for both statewide and national certification of staff, and encouraging staff to become involved in the various local and national organizations dedicated to valuation.	NA	NA	NA

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105.c.	Evaluate Staffing Needs and Prioritization of Special Projects from City Leadership	Many of the Assessments Division's employees I interviewed identified special projects that originate from the Mayor's Office and/or City Council that further exacerbate the staffing shortage. The Deputy CFO/Assessor has demonstrated a solutions-oriented approach in complying with these requests but City Leadership may need to be better informed how these requests impact the overall mission of the Assessments Division and identify additional resources to assist in meeting their requests.	The requests for these projects come directly to the Deputy CFO/Assessor, not to staff. Work assignments take into consideration available resources and what projects are pending. The CFO is informed of special projects which may take some time and could impact normal operations and prioritization does occur.	NA	NA	NA

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105.d	Develop More Detailed Goals and Objectives	The Assessments Division has an overall goal and objective to accurately value properties within STC mandated timeframes. However, it has not developed sub-goals and objectives relating to the processes needed to achieve its overall goal and objective. Developing process related goals and objectives will allow for the creation of more specific policies and procedures that will help the Assessments Division maximize its efficiency and effectiveness.	The OCFO has an overall strategic plan. As a result of COVID, finalizing divisional business plans was put on hold. In the coming months, the Office of Assessor will finalize their FY23 Business Plan to identify: <ul style="list-style-type: none"> - Core Objectives: Stem from, and key to, the mission, vision, and values of OCFO. - Strategic Objectives: more specific objectives/ goals, which are consistent with the Core Objectives, specifying a desired result. - Risk Assessment: Identification and description of risks that could affect the achievement of Objectives, as well as the adequacy and effectiveness of current controls. - Strategic Initiatives & KPIs: divisional work products, projects, and processes which identify how the division will realize its goals and achieve/ support the Strategic Objectives. 	12/2022	Alvin Horhn	313-224-3040
105.e.	Create Formal Risk Assessments	The Assessments Division has not created any formal risk assessments. business operations for both the public and private sectors. Without developing risk assessments, the Assessments Division cannot effectively develop systems and processes to first identify its most critical vulnerabilities and then design processes and procedures to mitigate the risk.	A Risk Assessment will be included in the Divisional Business Plan for Office of the Assessor, as described in "d."	12/2022	Alvin Horhn	313-224-3040

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105.f.	Develop More Detailed Written Policies and Procedures	The Assessments Division's policies and procedures that were provided to me were lacking critical information to be effective. Most notably, the policies and procedures did not contain overall objectives, the employees/positions responsible for completing tasks and opportunities for review, oversight, and quality control. In addition, the Assessments Division should design policies that specifically relate to critical perceived risks so that it can design control activities that limit its exposure to those risks. To complement policies and procedures, the Assessments Division should also create visual flow charts of policies and procedures that demonstrate the sources and flow of information and the intermediary steps needed, and by whom, to achieve its valuations.	OCFO has an overarching Administrative Issuance System whereby all policies and procedures are prepared, issued, amended and administered. This system was established in 2018. Drafts of many of the Assess to Collect lifecycle (which includes property assessment) policies and procedures were drafted but not finalized. OCFO will work to finalize those Assess to Collect lifecycle policies and procedures to capture clear objectives, roles and responsibilities, policies, procedures and systems, including flowcharts and KPIs/ metrics.	6/2023	Alvin Horhn	313-224-3040
105.g.	Preserve Documents and Information that Support Certified Assessed Values	The Assessments Division's per parcel assessed values do not reconcile with the certified assessed values submitted to the STC. The Deputy CFO/Assessor represented that this is the result of timing differences between the certification and when this data was pulled. The Assessments Division should preserve all values that are certified to the STC as well as any additional support for those values and subsequent changes.	Beginning with the 2023 Tax Year, the Office of the Assessor will archive its active production database at the close of the March, July, and December Board of Review. As a result, any questions regarding the certified numbers can be referenced against that archived database.	12/2022	Alvin Horhn	313-224-3040

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106.a	Conduct Analysis of Annual Residential Parcel Review	The Assessments Division is tasked with reviewing at least 20% of residential parcels each year by City Council. The Assessments Division has represented that it is in compliance with this mandate, but I have not reviewed any documentation to verify this assertion. In addition, the Assessments Division is unaware of which properties, or even how many, are reviewed through field site visits as opposed to a desktop review using aerial imagery. The aerial imagery is identified as a key piece of technology to supplement staffing shortages, but it was also noted that for certain properties, especially the lowest value properties, this type of review increases the risk of over assessment by not allowing the identification of deteriorated housing quality. By understanding how many parcels are completed through a desktop review the Assessing Division can better determine its staffing needs per STC guidelines. In addition, the Assessing Division can also review the appropriateness of a desktop review as opposed to a field review with better understanding of the properties and locations that received the different type of review.	Documentation was provided to Stout which distinguishes those properties which were reviewed through the remote desktop environment and which ones were field reviewed by staff. Documentation was also provided that explains how we keep track of those parcels. The desktop review process used by the Office of the Assessor in Detroit is vital to our operations. Without it, we would need to increase our staffing complement considerably to complete statutory requirements. But admittedly, it less than optimal to establish the condition or effective age of a property using desktop review. Establishing the condition and effective age of a property are necessary steps in calculating the depreciation of the property. The depreciation if necessary to compute the Assessed Values. Those steps would require an appraiser to visit the property to make those determinations. In a city where the average age of a house is 83 years old, it is vital to make these calculations to ensure the valuation process is correct; however, we must balance available resources when determining when to conduct field reviews against the need to complete other statutory assignments.	NA	NA	NA

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106.b	Review Key Metrics and Ratios Used by the Assessments Division	The Deputy CFO/Assessor represented that the assessment-to-sales ratios are computed and reviewed periodically but has not provided those analyses despite a request made in December 2021. Analysis of this information could provide additional insight into the quality and efficiency of assessing operations	Michigan L- 4017, the 24 months Sales Study Ratio was provided to Stout for the tax years 2017 through 2020. We do not have the sale study ratio reports for tax years 2010 through 2016.	NA	NA	NA
106.c	Audit Missing PTA Documents	The Assessments Division relies on PTA's to verify and validate arm's length sales. However, it was also noted that there is concern that not all residents are aware of the need to file this document, or investors that choose not to. Conducting a sample of parcels identified as transferred from the county to records indicating whether a PTA was received can identify the incidents where a PTA has not been filed and consideration of any processes for follow-up if not filed.	The Office of the Assessor conducts a database comparison to match sales from the Wayne County Register of Deeds to the Property Transfer Affidavits (PTA) received in our office. Unfortunately, current state law doesn't require a property owner to file a deed and the penalty for not filing a PTA is minimal. There is an initiative at the state level which would require property owners to file a deed and would strengthen the penalty for not filing a PTA, an initiative which this office supports.	NA	NA	NA

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106.d	Review the Collaboration with Building, Safety Engineering & Environmental Department (“BSEED”) Regarding Incorporation of Permits into Assessing Activity	Much of the work that the Assessments Division conducts for individual properties on an annual basis is the update of changes to each property. Review of building permit data allows for the identification of major changes to properties. Accordingly, the OAG 2011 Performance Audit Report identified the need for better collaboration between BSEED and the Assessments Division, which was represented to have occurred. However, formal written processes for how the permit data is incorporated into Assessments Division’s operations and updates was requested but not provided.	Since 2018 permitting data maintained by BSEED has been placed in the open data portal maintained by DoIT for use by other agencies of the City of Detroit. The Office of the Assessor pulls the permitting information from the open data portal and uploads into our CAMA system. We do not have a formal SOP but will work to create one.	6/30/23	Alvin Horhn	313-224-3040
106.e	Conduct Analysis of Vacant Land	The Assessments Division records over 122,000 parcels identified as vacant land, which increased by more than 45,000 (60% increase) following the Reappraisal. Although it is widely recognized that the City contains numerous vacant parcels, an audit of these parcels to confirm that all of these parcels remain vacant could improve the overall accuracy of the Assessments Divisions records and identify updates needed to its processes.	The Office of the Assessor is aware of the need to conduct a land study of unimproved parcels in the City of Detroit. A land study would address the concern expressed in this finding. The need to conduct such a study however needs to be balanced against existing resources and current statutory obligations. With current limited resources, it cannot be done at this time, but will be included in future priority discussions.	NA	NA	NA