



County of Allegheny

Office of the Controller

**Second Follow-Up Report of the Review of the
Allegheny County Office of Property Assessments'
Policies and Procedures Related to Assessments, Appeals
And Valuation Processes for Residential Parcels
For the Year Ended December 31, 2003**
(Report Issued June 21, 2004)
(First Follow-Up Issued February 27, 2006)
(Non-Audit Service)

April 22, 2011

**County of Allegheny
Office of the Controller
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GUY A. TUMOLO
DEPUTY CONTROLLER

March 1, 2011

Mr. James M. Flynn, Jr.
County Manager
119 County Courthouse
436 Grant Street
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Second Follow-Up Report of the
Review of the Allegheny County Office of Property Assessments'
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Dear Mr. Flynn:

The Controller's Office has performed procedures to update our testing of the Allegheny County Office of Property Assessments' (OPA) policies and procedures related to the assessments, appeals and valuation processes for residential parcels. The initial report was issued on June 21, 2004, with a follow-up report issued February 27, 2006. Our updated procedures evaluated the operational changes in the OPA since our last follow-up report and assessed the implementation status of the recommendations contained in the aforementioned report. Our engagement was performed as a non-audit service, and therefore was not conducted in accordance with *Government Auditing Standards*.

Our initial report identified nine findings and recommendations. The recommendation for one of the findings (Finding #3) was implemented as of our 2006 follow-up report. Of the eight remaining findings, our current testing procedures disclosed that the recommendations were implemented for two, not implemented for three, and partially implemented for three findings. We also developed additional recommendations regarding the current reassessment and appeal processes.

Mr. James M. Flynn, Jr.
March 1, 2011

We would like to thank the management and staff of the OPA for their courtesy and cooperation.

Very truly yours,



Lori A. Churilla
Assistant Deputy Controller, Auditing



MARK PATRICK FLAHERTY
Controller

cc: Honorable James Burn, Jr., President, County Council
Honorable William Russell Robinson, County Council
Honorable Dan Onorato, Chief Executive, Allegheny County
Mr. Timothy Johnson, Director, Administrative Services
Ms. Phillis D. Lavelle, Chair, Property Assessment Appeals and Review Board
Mr. Michael Suley, Manager, Office of Property Assessment
Ms. Valerie McDonald Roberts, Manager, Department of Real Estate
Ms. Amy Griser, Budget Director, Allegheny County
Mr. Joseph Catanese, Director of Constituent Services, County Council
Ms. Jennifer Liptak, Budget Director, County Council
Mr. Guy A. Tumolo, Deputy Controller, County Controller's Office
Mr. Robert J. Lentz, Assistant Deputy, Accounting, County Controller's Office
Ms. Pamela Goldsmith, Communications Director, County Controller's Office

PURPOSE

We have performed procedures to complete a second follow-up to our *Review of the Allegheny County Office of Property Assessments' Policies and Procedures Related to the Assessments, Appeals and Valuation Processes for Residential Parcels* report, which was issued June 21, 2004. The first follow-up report was issued February 27, 2006. Our updating procedures evaluated the operational changes regarding established policies and procedures related to the assessments, appeals and valuation processes in the Office of Property Assessments (OPA) since our last follow-up report and assessed the implementation status of the recommendations contained in the aforementioned report.

SCOPE AND METHODOLOGY

Our procedures included interviews with personnel from the OPA, Tyler Technologies Inc/CLT Division (CLT), the Department of Real Estate (DRE) and the Department of Computer Services (DCS) to assess the operational changes implemented, including modifications to policies and procedures related to assessments, appeals and valuation processes for residential properties. We also conducted sample testing to evaluate the implementation of updated policies and procedures.

BACKGROUND

The mission of the OPA is to deliver uniformity in base year assessments by supplying accurate data resulting in fair assessments. Under Pennsylvania law, the base year is the last county-wide reassessment. In October 2005, the County Executive and County Council passed legislation implementing a base year system establishing 2002 as Allegheny County's last county-wide reassessment and base year. All values represent the estimated base year market value of the property as of January 1, 2002, unless otherwise updated due to permits, appeals, corrections, flood loss or catastrophic loss. Base year methodology allows similar homes to have similar assessments until the next county-wide assessment.

The property assessment values are arrived at by the OPA assessors using a computer assisted mass appraisal system (CAMA). They determine value primarily by comparison with sales from 1999, 2000 and 2001 on properties with similar characteristics within a defined neighborhood. However, the system also takes into account the variations that exist within Allegheny County's unique neighborhoods. Additionally, assessors travel throughout the County to collect property data and review assessment valuations.

The OPA is currently conducting work for a new county-wide reassessment that will be effective starting tax year 2012. Allegheny County entered into contracts with Tyler Technologies Inc/CLT Division (CLT) in June 2010 for technical and appraisal services related to the reassessment. These contracts total approximately \$8.1 million and are scheduled to expire December 31, 2012. The 2012 value is expected to be based on sales from January 1, 2009 through June 20, 2010.

FINDINGS AND RECOMMENDATIONS

Our initial report identified nine findings and recommendations. The recommendation for one of the findings (Finding #3) was implemented during our 2006 follow-up report. Of the eight remaining findings, our current testing procedures disclosed that the recommendations were implemented for two, not implemented for three, and partially implemented for three findings. Throughout our fieldwork, OPA and CLT personnel stated that the work in process on the 2012 reassessment will address numerous recommendations made during our prior reports. However, we cannot evaluate the validity of these claims until the reassessment work is finalized. Additionally, this report includes new recommendations regarding the current reassessment and appeal processes.

RECOMMENDATIONS FOR TWO FINDINGS HAVE BEEN IMPLEMENTED

Finding #6: The Office of Property Assessments Should Enforce the Usage of Standard Building Permit Forms for all Municipalities

Recommendation - Enforce the use of the building permit forms as well as encourage electronic format data that can be emailed directly to the OPA: IMPLEMENTED

The OPA has completed and implemented written policies and procedures that require the OPA personnel to return permit forms to municipalities for proper completion if required data is missing. Municipalities were provided a standard building permit form and instructed that any substitute form is required to include the same information whether submitted electronically or in hard copy. If the building permit information is incomplete, a letter is sent to the municipality requesting the information be corrected. Due to cost and compatibility concerns, the OPA does not require municipalities to submit data electronically.

Finding #9: The Office of Property Assessments Needs to Create a Positive Environment and Increase Morale among its Employees

Recommendation – The OPA management group should act as a team in support of common objectives and create a positive environment for the organization. Provide staff additional training so that the OPA has employees with skills in administration, mass appraisal, and single-property appraisal so that appraisal values can be developed in-house and defended at appeal: IMPLEMENTED

Employees are provided numerous opportunities throughout each two-year Certified Property Evaluator training cycle to obtain the required 28 credit hours. We confirmed that all applicable employees met or exceeded the minimum requirement for the last full cycle and appear to be on track for the current cycle.

THE RECOMMENDATIONS FOR THREE FINDINGS
HAVE NOT BEEN IMPLEMENTED

Finding #4: OPA Needs to Ensure that All Properties within a Delineated Neighborhood are Properly Coded to that Neighborhood

Recommendation - Conduct a thorough review of every delineated neighborhood in Allegheny County to ensure that all parcels belong to that particular neighborhood and are properly coded to the correct neighborhood: NOT IMPLEMENTED

We found that the OPA did not correct miscoded parcels for the 2002 base year that is currently used for tax assessment. However, we noted that the OPA and CLT have remapped all residential neighborhoods for the 2012 reassessment and have started remapping commercial properties. We reviewed new maps of the six residential neighborhoods from six municipalities we originally tested in 2004 and concluded that all parcels appear to be correctly coded to a given neighborhood for the 2012 reassessment.

Finding #7: The Office of Property Assessments Needs to Strengthen its Internal Controls

Recommendation #1 - At least two employees should be trained to perform each function and given the necessary access to perform that function.

Recommendation #2 - At least three employees should be trained to perform critical functions such as model development and application: NOT IMPLEMENTED

Employees have been trained in daily operations, some policies and procedures have been written, and the Workflow system is utilized. However, we noted that only one individual from the Department of Computer Services (DCS) grants computer security access to personnel, and there are no policies and procedures requiring written approval to provide access.

Currently, OPA personnel are not trained to perform critical functions such as model development. All modeling for the 2012 reassessment is being performed by CLT. CLT is documenting the methodology, development, and application of models as the models themselves are developed. In addition, all documentation of models is to be available to print from the system once the assessment process is completed in July 2011. Furthermore, as part of the contract provisions, CLT will continue to provide consultants to the OPA to explain the models and other critical data as necessary.

Recommendation #3 - Changes to critical data or models should require the documented approval of at least two people: NOT IMPLEMENTED

During the current model development, the two CLT consultants have access to make changes. Once the models are implemented, the consultants will need permission from

County personnel to make any changes and would need to obtain security access from the Department of Computer Services (DCS) in order to make those changes. However, we noted that there are no policies and procedures requiring written approval to provide the necessary access to change the models and other critical data. DCS personnel could potentially change anyone's access rights to any components of the Integrated Assessment System (IAS) at anytime.

Recommendation #4 - An effective audit trail should be established to review changes to models or critical data. The audit trail should track who made the change, when, and provide a means to document why the change was made: NOT IMPLEMENTED

There are no policies and procedures to require that written approval be obtained to make changes to models or critical dates. Additionally, the IAS can track who and when a change was made to data but does not allow for documentation of why a change was made.

Recommendation #5 - This audit trail should be readily available for review by other authorized organizations such as the Allegheny County Controller's Office: NOT IMPLEMENTED

The OPA has not developed and implemented policies and procedures to require written documentation of changes and approvals. Therefore the information is not available for review.

Recommendation #6 - The entire model development and application process should be carefully and thoroughly documented: NOT IMPLEMENTED

Per the Chief Assessment Officer, the OPA and CLT did not document the process for the 2002 base year valuation as recommended. CLT is documenting the methodology, development, and application of models as the models themselves are developed and applied for the 2012 reassessment currently in progress. Per the Chief Assessment Officer, all documentation of models will be available to print from the system once the assessment process is complete in July 2011.

Finding #8: The Office of Property Assessments' Oversight and Procedures for Lot Plan Splits, Administrative Changes, Building Permits and Interim Assessments Needs to be Improved

Recommendation - Director of Administrative Services reevaluate the procedures governing the OPA's lot plan splits, building permits, administrative changes and interim assessment procedures. This evaluation should focus on strengthening the oversight and internal controls of the processes to ensure that all property owners are assessed in a timely manner: NOT IMPLEMENTED

We tested 20 parcels which required a lot plan split, administrative change, building permit, or interim assessment. Our testing found discrepancies with 9 of the 20 (45%) properties. Specifically, our testing found:

Lot Plan Splits

	2006 Report	Current
Parcels Tested	3	5
Parcels with Discrepancies	3	1
Date Received Missing	1	0
Fieldwork Date Tested Missing from PRC	3	1
% With Discrepancies	100%	20%
Months to Complete	9 – 22	8 - 24
Average Months to Complete	15	13

Administrative Changes

	2006 Report	Current
Parcels Tested	3	5
Parcels with Discrepancies	2	4
Property Record Card Not Found	1	0
Fieldwork Date Tested Missing from PRC	1	4
% With Discrepancies	67%	80%
Months to Complete	2 – 4	2 – 3
Average Months to Complete	3	3

Building Permits

	2006 Report	Current
Parcels Tested	3	5
Parcels with Discrepancies	3	4
Property Record Card Not Found	1	0
Wrong Parcel Identification	1	0
No documentation of fieldwork	1	0
Incorrect "To Field" date in IAS	n/a	2
Incorrect "Last Visited" date in IAS	n/a	1
Incorrect/Missing "From Field" date in IAS	n/a	2
Permit Not Closed in IAS	n/a	3
Fieldwork Date Tested Missing from PRC	n/a	3
% With Discrepancies	100%	80%
Months to Complete	16 – 22	9 - 39

Average Months to Complete	19	20
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Interim Assessments

	2006 Report	Current
Parcels Tested	3	5
Parcels with Discrepancies	2	0
Mailed Assessment Prior to Fieldwork	1	0
Date Received Not Recorded	1	0
% With Discrepancies	67%	0%
Days to Complete	14 -45	77 - 352
Average Days to Complete	30	198

There appears to be a systemic problem with information being consistently and accurately entered across screens in IAS. As documented above, we found 8 of 15 (53%) property record cards tested for lot plan splits, administrative changes, and building permits were missing the fieldwork date. The IAS screen CA-16 is used to generate the property record card, and the property record is to reflect a history of fieldwork dates. We did observe that the date was recorded in another applicable IAS screen (CA-11 or CA-15). If a date is entered incorrectly, the date will be incorrect on the card. If a date is not entered, the card will not reflect the most current visit. Through discussion with personnel and our testing, we noted that fieldwork dates are not always recorded on the property record card in the field. Therefore, data entry personnel cannot enter the information into the CA-16 screen. There are also instances when the date is recorded on the card, but data entry personnel fail to enter the date or incorrectly enter it. Testing also showed multiple data entry errors in the processing of building permits on the CA-15 screen. Coding errors on 3 of 5 (60%) parcels resulted in the permit not being “closed” on the system, and 2 (40%) parcels had at least one incorrect process date.

We recommend that the OPA management reevaluate training procedures for data recording and data entry for new and veteran employees, implement spot-checks of information recorded on multiple IAS screens for accuracy and consistency, and develop and implement policies and procedures for follow up of missing information and correcting data entry errors.

We further recommend a review of the interim assessment process to improve the timeliness between receiving the request and mailing the interim assessment value to municipalities.

RECOMMENDATIONS FOR THREE FINDINGS
HAVE BEEN PARTIALLY IMPLEMENTED

Finding #1: The Office of Property Assessments Should Eliminate Backlogs

Recommendation #1 – Implement a formal performance management system to facilitate communication of performance expectations and provide a tool for staff evaluations: IMPLEMENTED

We noted in 2006 that the OPA had implemented a Workflow system using their Integrated Assessment System (IAS) program to track the status of fieldwork assigned to assessors. Our current inquiry found that the Workflow system is periodically reviewed by the Manager of Administration who will meet with the assessor and supervisor to discuss and resolve any issues regarding work performed. These discussions are documented.

Recommendation #2 – Develop a plan for and eliminate backlogs: PARTIALLY IMPLEMENTED

We determined that the OPA has established processes to address backlogs and to minimize backlogs going forward. Additionally, there are specific personnel responsible for each stage of the process. However, we noted that the processes need to be improved and the following backlogs currently exist:

Deed Registry/Mapping (Department of Real Estate)

Source Year	Backlog as of 2006 Report	Current Backlog
2002	2	0
2003	17	0
2004	22	0
2005	327	8
2006	-	8
2007	-	6
2008	-	13
2009	-	15
2010	-	39
<i>Total Backlog</i>	<i>368</i>	<i>89</i>

In addition, the GIS mapping division of the Department of Real Estate has not converted all pseudo lot and block numbers to court certified lot and block numbers which have been issued by the Controller’s Office. This mapping division was formerly part of the OPA. As of our 2006 follow-up report, there were eight municipalities (Findlay, Collier, South Fayette, North Fayette, Pine, Marshall, Bradford Woods and Oakdale) in which the pseudo numbers had not been converted. Our testing of 40 streets within these

municipalities found that five (13%) streets still contain parcels with pseudo numbers. The Department of Real Estate needs to convert approximately 440 remaining parcels.

Building Permits

Residential Permits								
Permit Status	Backlog as of 2006 Report		Current Backlog					
	# Permits	\$ Value	Total		< 30 days		> 30 days	
# Permits			\$ Value	# Permits	\$ Value	# Permits	\$ Value	# Permits
Open	2,158	95,403,434	955	55,548,365	621	47,302,165	334	8,246,200
Pending	3,334	131,276,958	160	2,484,717	-	-	160	2,484,717
Recheck	2,591	228,336,439	2,456	199,904,601	94	3,396,957	2,362	196,507,644
Quality Control	789	22,647,218	1,505	58,514,343	80	702,136	1,425	57,812,207
Valuation Signoff	97	1,185,509	2,062	104,009,205	1	9,000	2,061	104,000,205
Recheck Oct-Dec	-	-	29	1,361,000	-	-	29	1,361,000
Total Outstanding	8,969	\$478,849,558	7,167	\$421,822,231	796	\$51,410,258	6,371	\$370,411,973

Commercial Permits								
Permit Status	Backlog as of 2006 Report		Current Backlog					
	# Permits	\$ Value	Total		< 30 days		> 30 days	
# Permits			\$ Value	# Permits	\$ Value	# Permits	\$ Value	# Permits
Open	1,238	409,049,698	216	96,015,127	144	89,270,203	72	6,744,924
Pending	493	189,460,561	44	13,845,565	-	-	44	13,845,565
Recheck	396	328,489,109	404	859,863,243	2	7,000	402	859,856,243
Quality Control	7	31,000	369	267,980,471	20	1,559,885	349	266,420,586
Valuation Signoff	-	-	85	25,915,570	1	120,000	84	25,795,570
Recheck Oct-Dec	-	-	15	23,088,400	-	-	15	23,088,400
Total Outstanding	2,134	\$927,030,368	1,133	\$1,286,708,376	167	\$90,957,088	966	\$1,195,751,288

The residential and commercial permits listed under “open status” are from 2009 and 2010 except for one residential that dates back to 2000 and one commercial from 2001. In addition to the above counts, there are 559 residential and 179 commercial building permits outstanding due to an appeal or court lock. Outstanding permits have decreased by 20% for residential and 47% for commercial permits from 2006 to 2010. For residential, 89% of permits are outstanding for more than 30 days and 11% for less than 30 days. For commercial permits, 85% are over 30 days old and 15% are outstanding for less than 30 days.

Per OPA management, resources have been temporarily diverted from permit work in order to meet deadlines for the 2012 reassessment. Assessors are currently conducting fieldwork for the reassessment. We were told that permits will once again be worked on a consistent basis by assessors once valuation fieldwork is complete.

Data Entry

Residential & Commercial	2006 Report	Current
Permits Received	Unknown	15,193
Permits to be Entered	1,609	2,496
% to be Entered	Unknown	16%

Records revealed that 2,496 permits received in 2010 still need to be entered into the IAS.

Interim Assessments

The interim assessment backlog as of our 2006 follow-up report was 382 interim requests in process and 155 to be started for a total of 537. We currently found that as of October 28, 2010, the OPA had not processed any of the 969 requests received for 2010 and had not started 115 from 2009. Additionally, there are 15 interim requests from 2008 that cannot be completed due to a court lock.

Per OPA management, resources have been temporarily diverted from interim work in order to meet deadlines for the 2012 reassessment. We were told that interims will once again be worked on a consistent basis by assessors once valuation fieldwork is complete. However, our testing under Finding #8 above also found that the average number of days to complete a 2009 interim request was 198 days based on our sample of 5 completed interim assessments from 2009. The timeframe for completion of 2009 interims should not have been affected by 2012 reassessment field reviews since fieldwork began in June 2010.

Shelf Report

Source Year	Residential		Commercial	
	Backlog as of 2006 Report	Current Backlog	Backlog as of 2006 Report	Current Backlog
2001	15	-	4	
2002	18	-	7	
2003	19	-	21	
2004	250	-	56	15
2005	267	1	176	22
2006	-	3	-	25
2007	-	2	-	24
2008	-	3	-	29
2009	-	5	-	83
2010	-	30	-	236
<i>Total Backlog</i>	<i>569</i>	<i>44</i>	<i>264</i>	<i>434</i>

Properties on the shelf report have had a value change that has not been approved by the Valuation Analyst (VA) supervisor. There has been improvement in reducing the residential backlog, but the commercial backlog has increased significantly.

Appeals

Residential and Commercial					
Status	2006	2007	2008	2009	2010
Complete	33,158	8,099	8,105	7,468	4,334
Outstanding	108	82	94	103	1,911
<i>Filed</i>	<i>33,266</i>	<i>8,181</i>	<i>8,199</i>	<i>7,571</i>	<i>6,245</i>

After improvements in reducing outstanding appeals in 2006 through 2009, there has been a dramatic increase in 2010.

Finding #2: The Office of Property Assessments is in Violation of the Administrative Code of Allegheny County

Recommendation – Comply with the Administrative Code by establishing policies and procedures manuals that are consistent with nationally recognized standards for the OPA and create a process to provide effective oversight to ensure compliance with policies and procedures: PARTIALLY IMPLEMENTED.

Article 5-209.04:

The Administrative Code requires the OPA to establish internal policies, practices, and procedures in order to implement and maintain a computer assisted mass assessment system in the County – PARTIALLY IMPLEMENTED.

We found that the OPA currently has policies and procedures in place for the day-to-day operation of the IAS system. However, policies, practices and procedures for initial property valuation are still being developed and will be effective for 2012.

The Administrative Code requires the OPA to make the determination as to whether property shall be exempt from real estate taxation after recommendation by the Chief Assessment Officer and consultation with the County Law Department – IMPLEMENTED AS OF OUR 2006 FOLLOW- UP REPORT.

When an application for exemption is received by the OPA, individuals from Special Properties and the County Law Department meet to make a determination if the property should be exempt. The Chief Assessment Officer gives final approval based on the determination.

Our original report also found that in February 2004 the OPA implemented a policy change regarding the taxing of “Outbuildings” without first consulting the County Law Department.

We noted that the OPA completed and implemented an updated policy regarding the listing and valuing of outbuildings effective January 1, 2005. The policy states that regardless of size or anticipated value, all outbuildings have to be data collected, entered into the IAS and appropriately valued. The only exceptions are structures that are not permanently affixed to the ground such as sheds and above ground pools.

The Administrative Code requires the OPA to prepare and maintain manuals and other necessary guidelines consistent with nationally recognized standards to perpetuate a current inventory of all properties within the County. – PARTIALLY IMPLEMENTED

The inventory of all properties is maintained in the IAS system. We found that the OPA currently has policies and procedures written and implemented for the day-to-day operation of the IAS. However, manuals, as well as policies and procedures for initial property valuation are being developed and will be effective for 2012.

Article 5-209.05:

The Administrative Code requires the Chief Assessment Officer to ensure that revisions and equalizations are done in accordance with law, ordinance and industry standards at the lowest cost per parcel – IMPLEMENTED.

At the contract level, we confirmed that the technical and appraisal services contract the OPA entered into with Tyler Technologies/CLT Division (CLT) was not required to be bid, and the services contracted do not fall into the five service areas that require review and approval of the Professional Services Review Committee.

OPA management maintains a spreadsheet throughout revaluation fieldwork to track the number of parcels worked by each assessor each day to determine efficiency. At the end of fieldwork, a salary calculation will be added to derive a cost per parcel, per person.

The Administrative Code requires the Chief Assessment Officer to promulgate guidelines for use by County Assessors in applying the cost approach, sales approach, and income approach to property valuation as part of the County's computer assisted mass appraisal system. –NOT IMPLEMENTED

The OPA did not develop guidelines or manuals to support the 2002 base year values. CLT is currently performing a pre-review of the cost manual for the 2012 reassessment. A final cost manual for both residential and commercial properties is said to include processes for the cost, sales, and income approaches. CLT will train County employees on these processes. CLT is scheduled to provide the manual to the County by July 2011.

Article 5-209.15:

The Administrative Code requires the OPA to create an Ombudsman Program to provide staff to be available to help the elderly, the disabled, and the homebound

to understand and deal with the bureaucratic structure including the property assessment appeals process. – IMPLEMENTED

We determined through discussion with management that the OPA utilizes a program during reassessments, although it is not officially called an Ombudsman Program. Letters are sent out to elderly homeowners and an announcement is made in the media via news releases to alert homeowners to the assistance available to them. Homeowners can contact the OPA and staff will visit the home if necessary to discuss with the homeowner his/her concerns and available options. We also noted that the OPA's Public Information Center provides service at a physical location as well by phone and email where inquiries can be addressed. The OPA website also provides information and guidelines on the assessment and appeals process.

Article 5-210.05:

The Administrative Code requires that the CAMA system shall be operated in accordance with reasonable and appropriate standards and practices, and that the Chief Assessment Officer shall prescribe and modify the guidelines in applying the cost approach, sales approach and income approach, as part of the CAMA system in performing the valuations. – NOT IMPLEMENTED

The OPA chose to delay the implementation of the code requirement until the 2012 reassessment. The CAMA system is being operated in accordance with the International Association of Assessing Officers (IAAO) standards for the 2012 reassessment per the Chief Assessment Officer. Unlike some other states, Pennsylvania does not have its own standards. Therefore IAAO standards apply although it is no longer expressly stated in the Administrative Code. The actual appraisal is in process for the 2012 reassessment.

Article 5- 210.14 (previously 210.17):

The Administrative Code requires the Chief Assessment Officer to issue rules and regulations regarding requests for reduction of the valuation of parcels due to catastrophic loss. – IMPLEMENTED AS OF OUR 2006 FOLLOW-UP REPORT

We reviewed the written policy and procedure effective June 1, 2005 that includes the definition of catastrophic loss, the application process, and procedures to follow-up with the applicant.

Article 5- 210.15 (previously 210.18):

The Administrative Code requires the Chief Assessment Officer to implement rules and regulations for use whenever the valuation of any object of taxation is discovered to have been made erroneously because of some factual, mathematical or clerical error. - IMPLEMENTED

A written policy has been completed and implemented that requires erroneous information to be verified in the field prior to updating the IAS. It also requires the action to be tracked through the Property Assessments Administrative Tracking System (PAATS) until it is completed.

Finding #5: The Office of Property Assessments Should Ensure that Property Values are Representative of the Sale Price

Recommendation - Establish reasonableness tests to ensure that assessment values are being based on validated sales prices: PARTIALLY IMPLEMENTED

The sales validation process includes verifying sales and property information, conducting sales analysis and investigating outliers. The OPA sent data mailers to all residential and commercial owners to verify property data such as number of bathrooms, square footage, income (for commercial), etc. Approximately 70% of the residential and 20% of the commercial data mailers were returned. Additionally, sales verification letters were mailed to all property purchasers. The OPA and CLT also work with the MLS (Multi-list), other national publications, real estate professionals, and sellers/buyers to verify sales prices. Sales ratios (assessment/sale price) are being reviewed throughout the process and a Sales Ratio Analysis conducted in accordance with IAAO standards will be calculated on a neighborhood, municipality and County level as part of the reassessment project.

The OPA and CLT are also using software to identify neighborhood outliers on GIS maps. Each outlier will be investigated to see why it is an outlier and who validated the sale in the system. Per the Chief Assessment Officer, most outliers are caused by a grading or condition problem due to a data entry error. Sales are invalidated if not supported by the market.

Per the Chief Assessment Officer, all sales that will be used for modeling have been verified. The models are being developed and the values are expected to be set in January 2011. The written documentation of the procedures for the sales verification process is also being developed. OPA personnel will need to perform the sales verification and validation after CLT has completed the reassessment work.