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**Audit of Special Charges and  
Assessments**

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**BILL CHRISTIANSON**  
City Comptroller

**ADRIANA MOLINA**  
Audit Manager

*December 2024*

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**Bill Christianson, CPFO**  
Comptroller

**Charles Roedel, CPA, CIA**  
Deputy Comptroller

**Toni Biscobing**  
Special Deputy Comptroller

**Richard Bare, CPA**  
Special Deputy Comptroller

November 26<sup>th</sup>, 2024

Honorable, Mayor Cavalier Johnson  
The Members of the Common Council  
City of Milwaukee

Dear Mayor and Council Members:

The attached report summarizes the results of the Audit of Special Charges and Assessments. The scope of the audit focused on the controls related to processing of special charges and assessments from February 1, 2023 through January 31, 2024.

The audit objectives evaluated the adequacy and effectiveness of the special charges and assessments process.

The audit concluded that the adequacy and effectiveness of the special charges and assessments process is operating effectively overall. However, improvements can be made in the retention of information received by the Treasurer's Office, shared file folder access review, and inter-departmental communication by all City departments during the Special Charges and Assessments transfer process. This report identified two recommendations to improve the current control environment.

Audit findings are discussed in the Audit Conclusions and Recommendations section of this report, and are followed by the management's response.

Appreciation is expressed for the cooperation extended to the auditors by the personnel of the Treasurer's Office, Assessor's Office, Department of Administration, Milwaukee Water Works, Department of Neighborhood Services, Department of Community Development, and Milwaukee Health Department.

Sincerely,

A handwritten signature in black ink, appearing to read "Adriana Molina".

Adriana Molina  
Audit Manager

AMM:kk



### Why We Did This Audit

The Treasurer's Office requested this audit. Additionally, this audit was conducted due to the financial significance of the revenues and quantity of charges and assessments being posted.

### Objectives

Evaluate the adequacy and effectiveness of the special charges and assessments process.

### Background

In total, \$57,910,037 of charges and assessments were posted in 2023. There were a total of 122,677 special charges applied to the tax bill. The department breakout of posted special charges is outlined below:

- Water Works: \$33,358,377 (58%)
- BIDS-NIDS: \$12,081,968 (21%)
- DNS: \$8,910,488 (15%)
- PACE: \$2,427,274 (4%)
- DPW: \$1,125,629 (2%)
- Health: \$6,300 (<.01%)

# Audit Report Highlights

## Audit of Special Charges and Assessments

### Overview

The audit concluded that the adequacy and effectiveness of the special charges and assessments process is operating effectively overall. However, improvements can be made in the retention of information received by the Treasurer's Office, shared file folder access review, and inter-departmental communication by all City departments during the Special Charges and Assessments transfer process.

Section III includes all two findings and recommendations.

### Opportunities for Improvement

- Official Letters and Test Data Files were not received by the Treasurer's Office.
- Special Charges Import Balancing Reports were not available for review.

**(Additional Findings and Recommendations can be found in the Audit Conclusions and Recommendations section of this report.)**

## I. Audit Scope, Objectives, and Methodology

### *Scope*

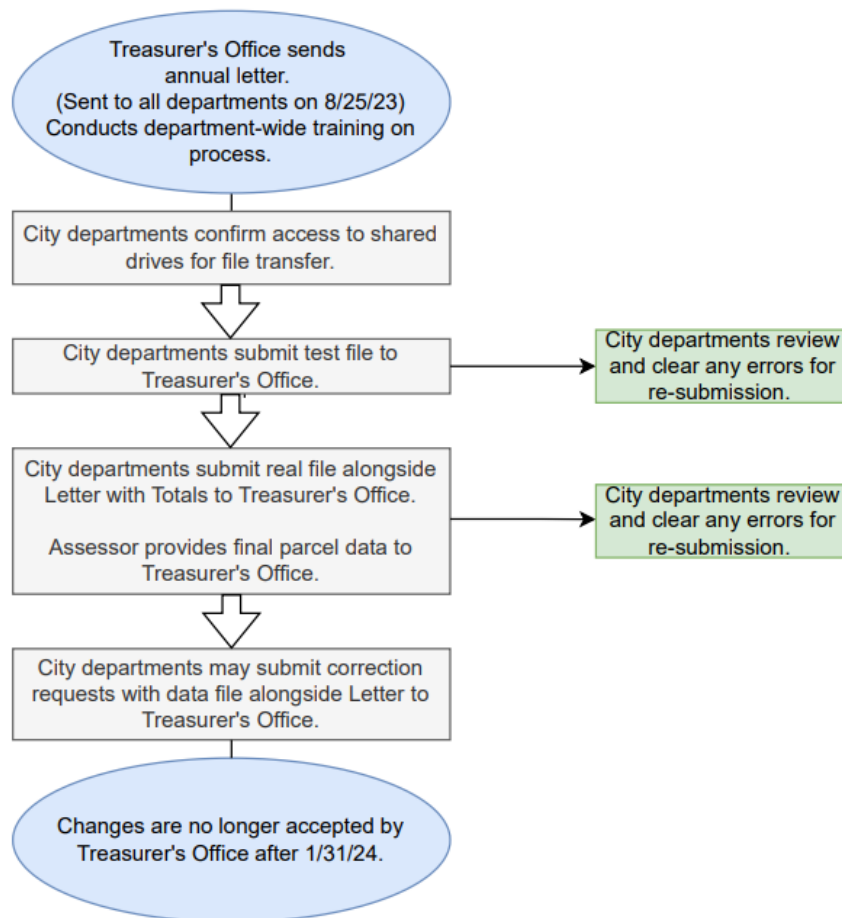
The scope of the audit focused on the controls related to processing of special charges and assessments from February 1, 2023, through January 31, 2024.

### *Objectives*

The audit objectives evaluated the adequacy and effectiveness of the special charges and assessments process.

### *Methodology*

Audit methodology included developing an understanding of the controls related to processing of special charges and assessments during the tax season. The flowchart below provides a general overview of the process:



Refer to Appendix A: Special Charges and Assessment's Process Flowchart.

The audit program was developed using criteria outlined by the Treasurer's Office inter-departmental annual letter of request and instruction, instructional agenda, and workbook. The Treasurer's Office letter of instruction provided City-wide directives on the process for special charge added to the tax bill. It was sent by the Treasurer's Office to all servicing City departments at the beginning of the tax season. Internal Audit also referred to the Milwaukee City Charter-Chapter 11: Improvements and Special Assessments and Chapter 19: Taxation and Assessment, as well as, Wisconsin Statute 66.07 – Subchapter VII, Special Assessments.

### ***Procedures***

The audit procedures developed to evaluate the processing of special charges and assessments included interviews, walkthroughs, review of relevant documentation, and testing of controls as follows:

- Training efforts and tools, communication between City departments, and access of shared network drives to complete project tasks;
- File transfer process to the Treasurer's Office by other City departments for importing data into the Tyler Technologies MUNIS Tax System, adding to the tax roll and creating the tax bill; and
- Interdepartmental requisition invoicing procedures for additional fees incurred by the Treasurer's Office.

### **Shared file folder Access Testing:**

Internal Audit conducted a review of the current list of users with access to a shared file folder on the City's network drive, which is used for uploading documents to the Treasurer's Office. The review of the user list took place on September 4th, 2024. While all 15 individuals tested have appropriate access, it is important to note that this assessment was performed on a data set that is outside the defined scope period.

### **Timeliness Testing:**

All files submitted to the Treasurer's Office by each City departments during the 2023 tax season were subject to a timeliness review in conformance with the Treasurer's Office letter of instruction and Wisconsin Statute 74.11: Dates for Payment of Taxes, Special Assessments and

Special Charges. A total of 64 special charge code files involved in this process were tested. One limitation noted during testing was the lack of original correspondence from City departments to the Treasurer's Office to validate the actual dates of submission. Refer to the Findings Detail later in the audit report.

Data Transfer Testing – Test File (Initial) Phase:

A total of 34,641 installments rolled up into 13 total charge code files were transferred by the servicing City department to the Treasurer's Office. Internal Audit verified all City departments used the resource tools properly to provide accurate Special Charge and Assessment data to the Treasurer's Office. Testing included a verification that each City department submitted a minimum of one test file in accordance with the Treasurer Office letter of instruction and all test file errors were resolved by to produce an error-free final report. The intention with this testing ensured errors caught during the test file phase did not subsequently disrupt adding the special charges to the tax roll or creating the tax bill.

Data Transfer Testing – Real File (Final) Phase:

Given the high volume of total special charges and assessments that were processed during the 2023 tax season, Internal Audit focused on the highest risk charge codes. The Treasurer's Office provided a list of special charge codes processed from February 1, 2023 through January 31, 2024, the following criteria was used to determine high risk:

- All charge codes resulted in variances from the Treasurer's total charge code listing;
- Charge codes posted to the ledger greater than \$2,000,000. There were a total of 64 special charge codes ranging from \$725 to \$11,992,960 posted to the 2023 tax asset account, totaling \$57,910,037.

Each of the 64 charge codes contained various amounts of installments that are billed separately on the property tax bill, which consisted of 122,677 total installments. The high risk population selected for sample testing was comprised of five out of the 64 charge codes. The five selected charge codes contained 42,615 installments totaling \$24,249,456 (refer to chart on high risk charge codes below). The total coverage selected for sample testing based on revenue dollars was 41.87% of the total population. A sample size of 25 installments was reviewed from the

highest risk charge codes, in conformance with the Internal Audit Division Sampling Policy. The sample was reviewed for accurate processing of the final data submitted to the Treasurer's Office by the high risk departments and charge codes with reported errors.

High risk departments and charge codes were identified as:

Department	Code	Total Installments	Description	Posted	Variance(s) detected by Treasurer's Office during 2023 Tax Season (Y / N)
Water	SC8S	21,378	DELINQUENT MUNICIPAL SERVICES	\$ 11,992,961	Y
Water	SC8T	18,282	DELINQUENT STORM WATER ACCOUNT	7,355,401	Y
DOA-OES	SC7F/SC7G	14	PACE LOAN	2,427,274	Y
DNS	SC9I	2,742	BUILDING REINSPECTION	2,402,499	Y
DNS	SC91	199	SPECIAL PRIVILEGE	71,323	Y
		42,615		\$ 24,249,456	

Tax Bill Testing:

Internal Audit reviewed a random sample of 25 property tax bills. Three of those bills had revisions due to special charges being added after the original bill was printed. Therefore, Internal Audit reviewed a grand total of 28 bills for accuracy. Internal Audit reviewed the “Detail of Special Assessments and Other Charges” of each property bill for calculation accuracy. Internal Audit found all 28 bills were calculated accurately.

***Compliance Statement***

The audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

**II. Organization and Fiscal Impact**

The Treasurer’s Office is responsible for tax collection, tax enforcement, and tax records. The Tyler Technologies MUNIS Tax System is used to create the tax bills using the tax rolls established by the City Assessor. The Treasurer’s Office collects on the final tax bill. Outstanding special charges or assessments that have not been paid by mid-November may be added to a resident’s property tax bill and collected as a tax. Unpaid special charges and assessments to be added to the tax roll and bill are provided by each of the City’s departments. In 2023, special charges and assessments were



approximately \$57.9 million. Once special charges and assessments are added to the tax bill they cannot be appealed, negotiated, or compromised. State Law requires the City to adjust tax bills through the end of business on January 31<sup>st</sup> of every tax season.

### **III. Audit Conclusions and Recommendations**

The audit concluded the controls in place over the process to add special charges and assessments to the tax roll by the Treasurer's Office were adequately designed and were operating effectively overall. This report identified two recommendations to improve the design and effectiveness of the current control environment. Internal Audit details each finding and recommendation related to the Treasurer's Office and all servicing City departments, including the Assessor's Office.

#### **Official Letters and Test Data Files were Not Received**

In accordance with the Treasurer's Office letter of instruction, all departments adding special charges or assessments to the 2023 tax bills must submit a test file to the Treasurer's Office no later than noon on September 25, 2023. The test file is an initial file required at the beginning of the tax season for the Treasurer's Office to run a preliminary test import and rule out formatting data errors prior to real file submission of special charge and assessment codes. In addition, the Treasurer's Office letter of instruction also states that Letters to the Treasurer requesting a correction must be submitted as soon as the correction is identified.

Finding 1: Treasurer's Office did not receive official letters and test files.

Test files were not received from Milwaukee Water Works. Letters to the Treasurer requesting a correction to a significant number of tax bills in mid-December of 2023 were not received by the Treasurer's Office from the Department of Neighborhood Services and Milwaukee Water Works. These corrections resulted in 458 and 215 re-billings, respectively, for special charges and assessments corrections. The Treasurer's Office permitted both departments to submit the data files without the Letters to the Treasurer's Office. This was not in accordance to the letter of instruction.

Finally, the Department of Administration (for PACE Loans) and DNS did not submit a letter summarizing the special charge and assessment totals alongside the production data file. The department's letter summarizing the totals is a necessary checkpoint for the Treasurer's Office to

reconcile to the Tyler MUNIS Charge Code Totals Report. The Treasurer's Office letter of instruction did not request departments to submit a letter summarizing the special charge and assessment totals.

Risk: Inconsistent practices could make it challenging to uphold accountability by City departments.

*Risk Rating: Medium*

Recommendation 1: The Treasurer's Office letter of instruction should be updated each tax season to contain directives that are suitable for all servicing City departments, instruct on official letters, and include language that indicates any allowed deviation from the directions. It is important for all City departments to operate consistently and maintain open communication to ensure all deadlines are reasonable and appropriate to business needs. It is critical to enforce instructions equally to departments to reduce inconsistencies in the processing of special charge correction requests.

Internal Audit recommends that the Treasurer's Office holds a training session annually on the process of adding special charges and assessments to the tax bill. A training will give City departments the opportunity to communicate any concerns and offer feedback to the Treasurer's Office outside of the tax processing window.

In addition, Internal Audit recommends that the Assessor's Office is more involved with the inter-departmental information, communication and monitoring efforts of special charge data being processed to improve efficiencies and reduce rework for the Treasurer's Office. More specifically, in accordance with Milwaukee City Charter, Chapter 19-09: Comparison of Tax Rolls and Assessment is performed by the commissioner of assessments before being delivered to the Treasurer. The annual letter to City departments authorized to place special assessments and charges onto the tax roll should be an official request and instruction representative of both the Commissioner of Assessments and the Treasurer's Office.

Lastly, each servicing City department should have detailed standard operating procedures on the process to export special charges and assessments from their specific data management system. These departmental procedures should include instructions for performing a thorough review of the special charge codes and balances in the extract production file, including charges to be footed and a

summary of the totals for each code. A supervisory review of the production file and resulting totals is necessary to assure accuracy of transfer files submitted to the Treasurer's Office.

### **Copies of Special Charges Import Balancing Reports Were Not Retained**

The Milwaukee Billing Guide offers in-depth tax billing instructions within the Tyler MUNIS system. The billing guide contains special charge and assessments instructions on the process to import large data files received by the servicing City department. The billing guide is updated continuously by the Treasurer's Office, and more recently to include specific instruction on saving a copy of the Special Charges Import Balancing Report to an appropriate local folder maintained by the Treasurer's Office. However, during the 2023 tax season these instructions had not yet been included within the billing guide.

Finding 2: Two Special Charges Import Balancing reports were missing from the shared drive.

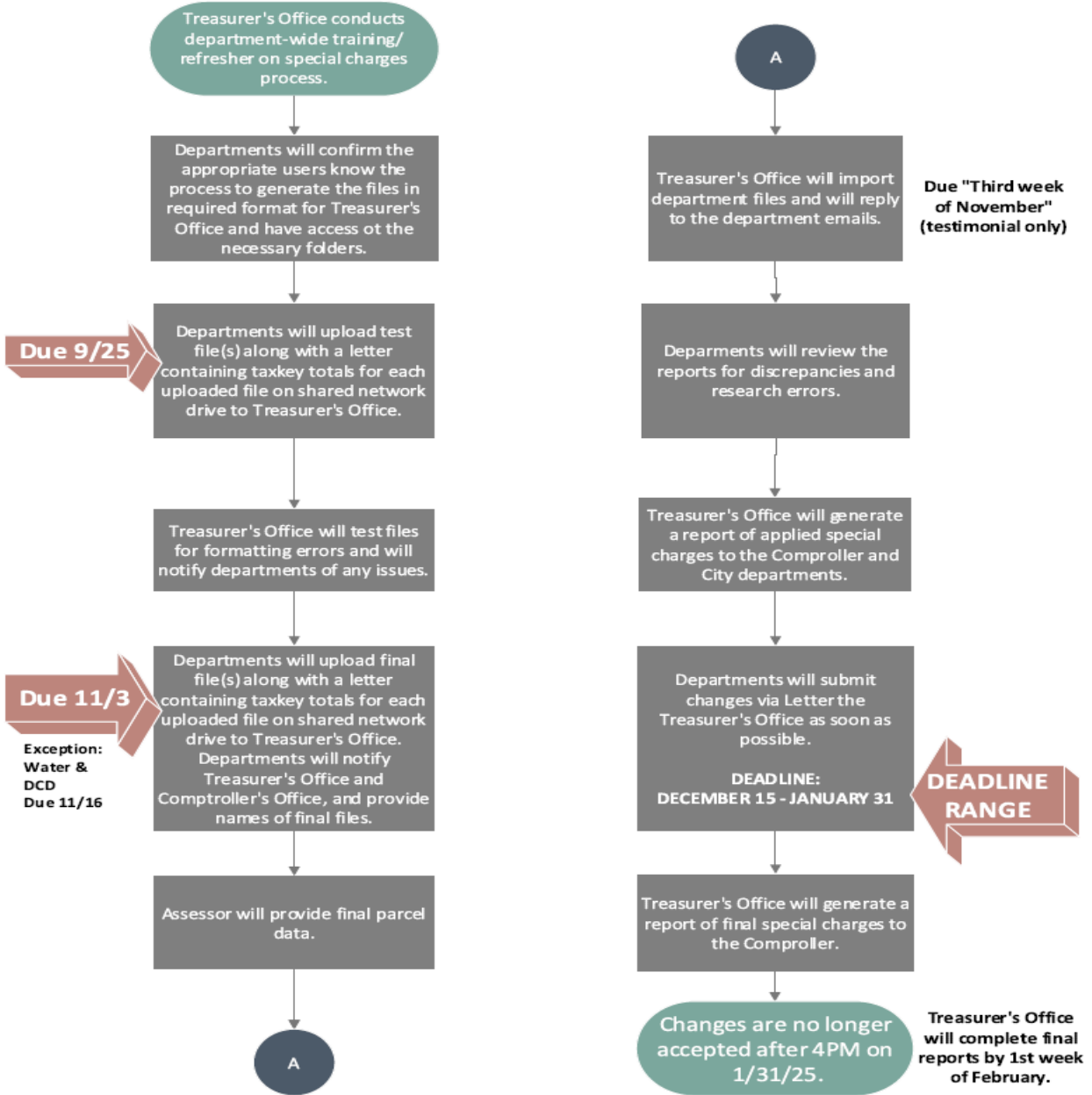
Risk: Missing critical reports could lead to reporting inaccuracies. *Risk Rating: Low*

Recommendation 2: Internal Audit recommends that the Treasurer's Office retain copies Special Charges Import Balancing Reports. The Treasurer's Office is aware of missing reports from the shared drive folder and has made the necessary changes to keep a copy of all Tyler MUNIS Special Charges Import Balancing Reports in a separate local folder. Internal Audit reviewed the current billing guide to confirm the appropriate procedural changes.

## Appendix A

### Treasurer's Office Instruction Letter: Special Charges Added to the Tax Bill (February 1, 2023 through January 31, 2024)

## Special Charges and Assessment's Process Flowchart





**Bill Christianson, CPFO**  
Comptroller

**Charles Roedel, CPA, CIA**  
Deputy Comptroller

**Toni Biscobing**  
Special Deputy Comptroller

**Richard Bare, CPA**  
Special Deputy Comptroller

December 4, 2024

Honorable Mayor Cavalier Johnson  
The Members of the Common Council  
City of Milwaukee

Dear Mayor and Council Members:

With this letter, the Office of the City Comptroller acknowledges receipt of the preceding report, which communicates the results of the Audit of Special Charges and Assessments. I have read the report and support its conclusions. Implementation of the stated recommendations will help improve City processes.

As the City Comptroller, I was not involved in any portion of the work conducted in connection with the audit. At all times, the Audit Division worked autonomously in order to maintain the integrity, objectivity, and independence of the audit, both in fact and in appearance.

Sincerely,

A handwritten signature in black ink that reads "Bill Christianson".

Bill Christianson, CPFO  
Comptroller

AMM:kk



**OFFICE OF THE CITY TREASURER**  
**Milwaukee, Wisconsin**

**Spencer Coggs**  
City Treasurer

**James F. Klajbor**  
Deputy City Treasurer

**Margarita M. Gutierrez**  
Special Deputy City Treasurer

**Robyn L. Malone**  
Special Deputy City Treasurer

November 12, 2024

Adriana Molina, CPA  
Audit Manager  
Office of the Comptroller  
Audit Division  
City Hall | Room 404

**RE: Response to the Audit of Special Charges and Assessments**

Ms. Molina:

This is written in response to your Audit of Special Charges and Assessments, which was requested by this office.

I want to clarify and make it perfectly clear that pursuant to the City Charter, Chapter 19, Section 19-07, **the Commissioner of Assessments is responsible for creating the annual property tax roll.** Under Section 19-09, the Commissioner of Assessments is tasked with assuring the property tax roll is correct before delivering it to the City Treasurer for collection.

The Patriot Computer Aided Mass Appraisal (CAMA) software, utilized by the Commissioner of Assessments to create the annual assessment roll, is incapable of creating a tax roll. With that being the case, the Commissioner of Assessments utilizes the Tyler Technologies Munis Tax System to create the tax roll.

My staff assists the Commissioner of Assessments staff in facilitating the addition of special assessments and charges to the annual tax roll. City departments authorized to place special assessments and charges onto the annual tax roll are asked to provide test files of these special assessments and charges to verify the file format. Deadlines are set for the uploading of the production files. A shared file folder is utilized to facilitate the transfer of these files. This requires that City departments authorized to place special assessments and charges onto the annual tax roll have both read and write system rights to the shared folder. As both the sending systems and the receiving system rely on set file names for export and import, faulty files are over written with correct files. Beginning with the creation of the 2024 tax roll, which is already underway, faulty files have been and will continue to be moved and saved to a different folder by the Tax Billing and Collection Manager or Tax Collection and Enforcement Coordinator, precluding their being over written.



Going forward, City departments authorized to place special assessments and charges onto the annual tax roll should have detailed standard operating procedures on the process and should adjust their data extracts to facilitate meeting data export deadlines, allowing more time to review and assure data file accuracy.

In the future, DOA-ITMD should partner with City departments authorized to place special assessments and charges onto the annual tax roll to assure that the correct file format is used, the correct parcel tax key numbers are used, tax accounts in bankruptcy are excluded, and that item counts and dollar amounts are verified, insuring the accuracy of the data being imported to the Munis Tax System, regardless of the source of the data.

Since 2017, when the City of Milwaukee began using Munis Tax, the City Treasurer’s Office has sent out a letter of request and instructions to departments authorized to add special assessments and charges to the tax roll. Each year, the letter is updated to reflect current requirements and procedures. Since the Commissioner of Assessments is responsible for creating the annual property tax roll, beginning with the 2025 tax roll, the annual letter of request and instruction to City departments authorized to place special assessments and charges onto the annual tax roll will go out under both the Commissioner of Assessments and City Treasurer signatures. A sample of the revised letter of request and instruction to be send out in August 2025 is enclosed with this response. The letter does include the requirement that every file be accompanied with a letter or e-mail message, which contains a total item count and total dollar amount for control purposes.

The City Treasurer’s Office has conducted training sessions in the past for staff from departments authorized to add special assessments and charges to the tax roll. The sessions were poorly attended. However, staff from the City Treasurer’s Office has always assisted anyone who reached out and asked for help regarding adding special assessments and charges to the tax roll. The City Treasurer’s Office is open to conducting annual joint training sessions with the City Assessor’s Office beginning in August 2025. The Tax Billing and Collection Manager and Tax Collection and Enforcement Coordinator, along with the Assessor’s Business Systems Manager, would need to conduct the annual training sessions.

Implementation of the above, should reduce the number of letters to the City Treasurer requesting tax roll adjustments and preclude the need for the City Treasurer to bill City departments for the costs of processing an inordinate number of adjustments during the extremely busy current tax collection period.

Respectfully,



**SPENCER COGGS**  
City Treasurer

