

# Corporation of the City of Windsor

Hotline Investigation Report  
NTS - 2 - MAR - 2021  
Citizen Property Concern

April 27, 2021

## Limitations and responsibilities

This report was prepared in accordance with our engagement letter addendum dated January 24, 2020 and is subject to the terms and conditions included therein.

Our work was limited to the specific procedures and analysis described in the information made available to us at the time we prepared the report. Accordingly, changes in circumstances after the date of the report could affect the findings outlined herein. We are providing no opinion, assurance or other form of assurance on our work and we did not verify or audit any information provided to us. This information has been prepared solely for the use and benefit of and pursuant to a client relationship exclusively with the Corporation of the City of Windsor. PwC disclaims any responsibility and is not bound by the terms and conditions of this information may not be relied upon by anyone other than the Corporation of the City of Windsor:



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# Executive summary

## Allegation information

A complaint was received by the Auditor General which lead to an investigation of the following allegations by Internal Audit under the direction of the Auditor General:

<b>Allegation #1</b>	Two properties (Property 1 and Property 2) belonged to an estate and were to be sold in a tax sale. One of these two properties (property 1) was sold as a result of tax sale however the property related correspondence for the estate owner of both properties were still being sent to the property 1 which now has a different owner.
<b>Allegation #2</b>	Not able to receive information on the land owner/registration for Property 2 from the City and the management advised to visit the Land Registry office to seek this information which had a fee however this information should be available at City free of cost as advised by the land registry. Also, the tax sale information regarding the Property 2 was not available/accessible.

## Background

Property 1 and Property 2 belonged to an individual’s estate. Property 1 had been sold as a result of tax sale in November 2019. The complainant reached out to the City and indicated they had no connection to the property other than an interest in obtaining information and data regarding the potential tax sale. The complainant noted in his complaint that the property related correspondence for both properties was being mailed to the address of Property 1 despite each property now having different owners.

## Investigation approach

For the allegations noted above we developed procedures and conducted inquiry of management and carried out documentation review.

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## Summary of procedures and results

### Allegation #1

Property related correspondence for the estate owner of both properties sent to the property which now has a different owner:

#	Procedure	Results
1.1	Understand the process for updating the mailing address for a given property related correspondence	IA inquired management regarding the process and noted that the mailing address update can be initiated by a property owner using the form which is available on the City website ( <a href="#">link</a> ). If Administration believes that there is an issue / conflict with the mailing address on record, staff will be directed to conduct a search of MPAC's records and may also send a letter, addressed to the property owner, at an alternative address requesting the property owner to contact the City or provide confirmation of an address change. In certain situations, the Administration does have the ability to make a mailing address update without the property owner's consent or knowledge.
1.2	Documentation maintained for the mailing address update for the property in question	<p>IA inquired of management regarding the process and noted that the mailing address for Property 2 was initially changed by the property owner prior to their demise. Following the completion of the tax sale of Property 1 in November 2019, a mailing address change form was initiated by the Administration itself to return the mailing address for Property 2 to the Property 2 address.</p> <p>However, in March 2020, as a follow up procedure for returned mails for Property 2, a property clerk at the City followed procedures and conducted a search of MPAC's records. This search identified that the mailing address was Property 1. The clerk then requested this address to be used for mailing correspondence. We noted that the clerk did not complete the search procedures which also required checking the ownership of both properties prior to requesting a change/update to the mailing address and we did not detect evidence of discussion with the area manager as required in the process.</p> <p>This oversight has now been corrected and the mailing address for Property 2 is correctly stated as Property 2.</p> <p>IA obtained and inspected the following:</p>

		<ol style="list-style-type: none"> <li>1) the mailing address change form initiated by the Administration in November 2019; and</li> <li>2) screenshot from tax system as of March 29, 2021 depicting the current mailing address for Property 2 as Property 2 address.</li> </ol>
1.3	Inspect the manual documented to provide specific instructions regarding processing an address change	IA obtained and inspected the Municipal Tax Collection And Registration Process Procedures which documents that any changes in mailing address initiated by Administration are to be discussed with the Manager of Revenue & Collection.

**Conclusion:** For a period of 12 months since March 2020 the City routed mail to Property 2 incorrectly to the Property 1 address.

Although a process exists at City to discuss mailing address changes with the Manager before initiating the change, this process was not followed in this instance. We have provided a recommendation to management regarding compliance with existing procedures. Management has corrected the error and have updated the current mailing address for Property 2 as Property 2 address however, the mail is being returned again.

*It is important to note that the main responsibility for ensuring the mailing address is correct resides with the property owner. The City's administrative process is in the absence of the property owner fulfilling their responsibility*

**Allegation #2**

Not able to receive information on the land owner/registration for Property 2 and related tax sale.

#	Procedure	Results
1	Understand the process to obtain information / details about a given property by an external party	<p>IA inquired of management regarding the process to obtain property related information and noted that public property information can be accessed from the City website (<a href="#">link</a>). This information includes tax assessment information and other relevant property information.</p> <p>Additionally, a tax certificate for a fee of \$75 can be made available to review the status of tax account including legal description and information pertaining to encroachments or local improvements on a given property.</p> <p>Information about the property owner may be obtained via the Land Registry department in exchange for a fee.</p>
2	Understand the process regarding providing property tax sales information to citizens	IA inquired of management regarding the tax sale process and noted that once it is determined that the City has the right to proceed a public tax sale is organized. This tax sale information is advertised on the City website for at least six weeks and is also published in the Windsor Star news.

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		The tax sale for the Property 2 was delayed due to COVID-19 restrictions where a public tax sale could not be organized. As informed, the Administration is currently reviewing the list of eligible properties and will proceed with the regular tax sale process as allowed while adhering to Provincial restrictions.
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**Conclusion:** Based on the above procedures, we understand that three options are, and have been, available to individuals seeking property information, two of which are available through the City. In addition, the tax sale information is also posted at the City website and published in local newspaper.

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# Recommendations

Finding	Recommendation & Action Plan
<b>1. Maintain compliance with existing Municipal Tax Collection And Registration Process Procedures</b>	
<p><b>Observation</b> As a follow up process for returned mail, the property clerk did perform a search of MPAC's records however they failed to complete the search procedures by not checking the ownership of both properties prior to requesting a change/update to the mailing address.</p> <p>Further, as per the procedural document, such changes in mailing address were to be discussed with the Manager of Revenue &amp; Collection. We did not detect evidence of this discussion.</p>	<p><b>Recommendation</b> Management should ensure staff complies with the existing procedures and ensure any changes requested are conducted in accordance with policy and evidence/notation of discussion with the relevant manager is indicated.</p> <hr/> <p><b>Management action plan:</b> A change to the procedures has been made which requires any change in ownership or mailing address to be submitted along with supporting documentation for approval by the Manager of Revenue and Collections.</p> <p><b>Responsible party:</b> Deputy Treasurer – Taxation, Treasury &amp; Financial Projects</p> <p><b>Due date:</b> Q2 2021</p>

# Appendix A: Limitations and responsibilities

## Limitations inherent to the internal auditor's work

### Internal control

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

### Future periods

Our assessment of controls is for the period specified only. Historic evaluation of effectiveness is not relevant to future periods due to the risk that:

- the design of controls may become inadequate because of changes in operating environment, law, regulation or other; or
- the degree of compliance with policies and procedures may deteriorate.

### Responsibilities of management and internal auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses, and if detected, we shall carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.

Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist.



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