

**REVIEW OF ALLEGHENY COUNTY  
OFFICE OF PROPERTY ASSESSMENT'S  
POLICIES AND PROCEDURES  
RELATED TO THE ASSESSMENTS,  
APPEALS AND VALUATION PROCESSES  
FOR RESIDENTIAL PARCELS  
FOR THE YEAR ENDED  
DECEMBER 31, 2003**

**June 21, 2004**

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April 30, 2004

Mr. James Flynn  
County Manager  
119 County Courthouse  
436 Grant Street  
Pittsburgh, PA 15219

**SUBJECT:                                    Review of Allegheny County  
Office of Property Assessment's  
Policies and Procedures Related to Assessments, Appeals  
and Valuation Processes for Residential Parcels  
For the Year Ended December 31, 2003**

Dear Mr. Flynn:

We have performed a review of Property Assessment's policies and procedures related to the assessment, valuation and appeals processes for residential parcels. The review covered the period January 1, through December 31, 2003.

Our review revealed noncompliance with the Administrative Code, inefficient and ineffective operations which lead to backlogs throughout the Office, weak internal controls, and lack of policies and procedures surrounding assessments. Our review disclosed approximately one billion dollars in assessed values based on building permits that have not been put on the tax rolls. In addition, our testing revealed that the Office of Property Assessment (OPA) does not check each property to determine if the owner owes delinquent taxes before the parcel is subdivided and the original lot parcel number is eliminated or the value reduced to zero. Our findings are provided in detail in the attached report.

April 30, 2004

Accordingly, we recommend that the Director of Administrative Services conduct a reevaluation of the policies and procedures governing Property Assessment's assessments, appeals and valuations processes regarding residential parcels. In addition, the OPA should comply with the Administrative Code of Allegheny County by establishing policies and procedures manuals that are consistent with nationally recognized standards for the Office of Property Assessment.

We would like to thank the staff of the Office of Property Assessment for their courtesy and cooperation during our review.

Very truly yours,

Robert J. Lentz  
Assistant Deputy Auditing

MARK PATRICK FLAHERTY  
Controller

cc: Honorable Dan Onorato, County Executive, Allegheny County  
Mr. Richard Fitzgerald, President of Allegheny County Council  
Mr. Joseph Catanese, Council's Chief of Staff, Allegheny County  
Mr. Timothy Johnson, Director, Administrative Services, Allegheny County  
Mrs. Patricia McCullough President, Property Assessment Appeals and Review Board

## ***EXECUTIVE SUMMARY***

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**Purpose of Review:** Our review evaluated the established policies and procedures related to the assessment, valuation, and appeals processes for residential parcels.

**Background:** According to the Allegheny County Administrative Code, the Office of Property Assessment is responsible for supervising the making of all assessments and valuations of all subjects of real property taxation and making the determination of tax-exempt status for any parcel of real property.

### **History of the Office of Property Assessment**

Throughout the 1970s there were triennial reassessments. This meant that a one-year reassessment would be conducted annually in one of three designated areas of the County. A group of people from the Greentree and Mt. Lebanon area questioned the legality of partial assessments each year and filed a lawsuit. Common Pleas Judge Nicholas Papadakos ruled that the triennial reassessment as conducted was illegal and that the reassessments must be conducted for all properties within Allegheny County within the same year. During this time period properties were actually assessed at approximately thirty-three percent of market value.

In 1979, Judge Nicholas Papadakos took control of the Allegheny County Assessor's Office. He relinquished that role in 1982, when he was appointed to the Pennsylvania Supreme Court.

During the 1980s, countywide reassessments were conducted every three years, 1982, 1985 and 1988. After 1988 the countywide reassessment was conducted every two years beginning in 1990. This continued up through 1994. At that time, the County Commissioners implemented a five-year property tax freeze and canceled the 1996 countywide reassessment.

Shortly thereafter, a group of Quaker Valley School District taxpayers filed a lawsuit contesting the property tax freeze. They claimed that the freeze locked in disparities and made some of the homeowners shoulder an unfair burden. The Courts agreed.

## ***EXECUTIVE SUMMARY***

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In 1997, Common Pleas Judge R. Stanton Wettick Jr. ordered a complete revaluation, or countywide reassessment of all county properties to bring fairness and equity to the real estate tax rolls. The Judge also imposed a two-percent across-the-board increase in fair market value of every property for 1999 and 2000, excluding those changed during the year because of new construction, improvements or appeal. He did this to provide needed relief to municipalities and school districts until the reassessment had been completed.

County Commissioners Mike Dawida and Robert Cranmer voted to hire Sabre Systems in 1997 to conduct the countywide reassessment. For its services in the revaluation of Allegheny County, the commissioners authorized an expenditure of \$23,950,000. The goal was to ensure that every property would be appraised at market value at the same point in time.

In mid-1999, 552,094 properties were analyzed and preliminary values were set. Over the next eight months appraisal reviews were conducted.

During 2000, the County changed the assessed value to be one hundred percent of the market value and beginning in August, new value notices were sent to property owners and informal meetings between Sabre Systems and property owners were conducted.

Judge Wettick's opinion and order stated that Allegheny County "is permitted to implement an assessment system under which there is a countywide reassessment every three years." The opinion and order reflect an opposition to a countywide reassessment every year.

In 2001 the countywide reassessment that was conducted by Sabre resulted in over 90,000 appeals filed by taxpayers. In 2002 the countywide reassessment resulted in over 90,000 additional appeals. Appeals from these two years are still being heard in 2004.

## ***EXECUTIVE SUMMARY***

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### **Results In Brief and Recommendations**

Our testing of the Office of Property Assessment's policies and procedures revealed noncompliance with the Administrative Code of Allegheny County, inefficient and ineffective operations which lead to backlogs throughout the Office, weak internal controls and lack of policies and procedures. Specifically, we found:

#### **Finding #1**

As of February 2004, 650 lot plans, 7,313 residential building permits, 2,539 commercial building permits, 7,000 parcels to be data entered, and 1,400 interim assessment requests still need to be processed. The residential building permits and commercial building permits are valued at approximately \$1,000,000,000, which results in approximately \$4,690,000 in lost tax revenue.

#### **Recommendation:**

Assign personnel to eliminate the backlog of assessment work. Implement a formal performance management system to facilitate communication of performance expectations and to provide a tool for evaluation of staff performance and identification of training needs.

#### **Finding #2**

The OPA is in violation of the Administrative Code of Allegheny County by not preparing and maintaining manuals and other guidelines consistent with nationally recognized standards.

The OPA does not have written policies and procedures manuals to ensure that key processes are in place to provide the necessary guidance and direction to staff and management in specific circumstances.

The OPA implemented a policy change in February 2004, which excludes outbuilding items from taxable property. This policy will affect 81,305 parcels in Allegheny County selectively reducing the assessed value of property by \$27,438,900. This action has the potential to reduce Allegheny County tax receipts by approximately \$128,688.

#### **Recommendation:**

Comply with the Administrative Code of Allegheny County by establishing policies and procedures manuals that are consistent with nationally recognized standards for

## *EXECUTIVE SUMMARY*

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the Office of Property Assessment. These policies and procedures should identify a clear, complete and comprehensive policy framework. In addition, a process should be created to provide effective oversight to ensure that policies and procedures are followed.

### Finding #3

OPA is not cross-checking the lot parcel identification number to the delinquent tax file maintained by the Controller's Office before the lot is subdivided and the original parcel number is deleted or the value is reduced to zero. We identified 10 parcels out of a sample of 272 lot plans that had partially uncollected delinquent taxes totaling \$15,558.

### Recommendation:

Review all lots that are to be subdivided to determine if the property owner owes delinquent taxes. If the lot that is to be subdivided has delinquent taxes owed, the lot should not be divided until the taxes are paid.

### Finding #4

The OPA is not properly coding parcels to the correct delineated neighborhoods. This process is used to determine comparable sales to arrive at the proper assessment value. Our testing revealed that 347 parcels or 31% of the 1,125 parcels tested were coded to the wrong neighborhood.

### Recommendation:

Review each delineated neighborhood to ensure that all parcels belong to that neighborhood and are properly coded.

### Finding #5

The OPA does not perform reasonableness tests to 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. This will substantiate that the property is being properly valued. In addition, in the absence of a sale of a subject property, sales prices of comparable properties are usually considered the best evidence of market value.

## *EXECUTIVE SUMMARY*

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### Finding #6

The OPA should adopt a standard approach to determine changes in property values based on new construction, renovations of and additions to properties. Of the 68 municipalities that sent us building permits, the format of the building permits was not uniform, complete or concise.

### Recommendation:

Establish a system whereby the use of standardized building forms are required as well as encourage electronic format data that can be emailed directly to OPA.

### Finding #7

The OPA has weak internal controls and inadequate segregation of duties among personnel. Although there are many management positions and staff positions throughout the OPA, inappropriately only two employees have access to the models used in the valuing of the properties of Allegheny County. Furthermore, only one person in the entire OPA understands how the models were created and should be applied. This situation prevents any type of effective review or control of the models, their creation, or their application to the properties.

### Recommendation:

Establish an effective audit trail to review changes to models or critical data. Train at least three people to perform critical functions.

Thoroughly document the entire model development and application process. OPA should be able to explain, communicate, and justify the procedures used to value properties throughout the County.

### Finding #8

Lot plan splits, administrative changes, building permits, and interim assessments were not processed in accordance with traditional OPA's practices. We found deficiencies in the processing of 13 of the 25 lot plan splits, 11 of the 25 administrative changes, 8 of the 25 building permits and 6 of the 25 interim assessments sampled for 2003.

### Recommendation:

Reevaluate the practices governing OPA's lot plan splits, building permits, administrative changes and interim

## ***EXECUTIVE SUMMARY***

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assessments 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.

### **Finding #9**

Staff has expressed concerns that they do not receive adequate training in their specialized areas of assessment.

### **Recommendation:**

The staff should be given additional training so that the OPA has employees with skills in administration, mass appraisal, and single-property appraisal so appraisal values of all properties can be developed in-house and defended successfully at every level of appeal.

# I. INTRODUCTION

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## **Background:**

According to the Allegheny County Administrative Code, the Office of Property Assessment is responsible for supervising the making of all assessments and valuations of all subjects of real property taxation and making the determination of tax-exempt status for any parcel of real property. The Department through the Chief Assessment Officer can make other assessment and exemption determinations as required by other applicable laws.

## **History of the Office of Property Assessment**

During 1978 and 1979 there were approximately 150 assessors. There were twelve field offices and each had assessors assigned to it. The Commercial division only had one assessor. During this time period there were triennial reassessments. This meant that a one-year reassessment would be conducted annually in one of three designated areas of the County. A group of people from the Greentree and Mt. Lebanon area questioned the legality of partial assessments each year and filed a lawsuit. Common Pleas Judge Nicholas Papadakos ruled that the triennial reassessment as conducted was illegal and that the reassessments must be conducted for all properties within Allegheny County within the same year. During this time period properties were actually assessed at approximately thirty-three percent of market value.

In 1979, Judge Nicholas Papadakos took control of the Allegheny County Assessor's Office. He relinquished that role in 1982, when he was appointed to the Pennsylvania Supreme Court, claiming that the problems had been fixed. One of Judge Papadakos' core complaints with the system as it existed decades ago was a common practice of automatically lowering values on appeal merely to decrease the backlog of appeals.

During the 1980s, countywide reassessments were conducted every three years, 1982, 1985 and 1988. After 1988 the countywide reassessment was conducted every two years beginning in 1990. This continued up through 1994. The 1990 countywide reassessment resulted in approximately 14,000 appeals mostly from the Steel Valley region. According to the assessors these properties had not

## I. INTRODUCTION

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increased for about three to four years. The County Commissioners implemented a five-year property tax freeze and canceled the 1996 countywide reassessment. In March, 1996 Commissioners Dunn, Dawida and Cranmer reduced the twelve field property assessment offices to six offices. The surviving offices included Robinson, Baldwin, Blawnox, Boyce Park, Penn Hills and the City. All supervisors and field foremen were laid off, as were all but twenty assessors.

Shortly thereafter, a group of Quaker Valley School District taxpayers filed a lawsuit contesting the property tax freeze. They claimed the freeze locked in disparities and made some of the homeowners shoulder an unfair burden. The Courts agreed.

In 1997, Common Pleas Judge R. Stanton Wettick Jr. ordered a complete revaluation, or countywide reassessment of all county properties to bring fairness and equity to the real estate tax rolls. The Judge also imposed a two-percent across-the-board increase in fair market value of every property for 1999 and 2000, excluding those changed during the year because of new construction, improvements or appeal. He did this to provide needed relief to municipalities and school districts until the reassessment had been completed.

In 1997, County Commissioners Mike Dawida and Robert Cranmer voted to hire Sabre Systems to conduct the countywide reassessment. For its services in the revaluation of Allegheny County, the commissioners authorized an expenditure of \$23,950,000. The goal was to ensure that every property would be appraised at market value at the same point in time.

In early 1998, Sabre data collectors began residential data collection, which involved knocking on doors and asking to perform an interior inspection of every property. If they were denied access, they measured the structure's exterior and made an educated guess on the interior characteristics. The process of photographing each property began at this time. In May 1998, Sabre personnel began commercial and industrial data collection. Both processes took more than 16 months to complete.

# I. INTRODUCTION

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In mid-1999, 552,094 properties were analyzed and preliminary values were set. Over the next eight months appraisal reviews were conducted.

During 2000, the County changed the assessed value to one hundred percent of the market value and beginning in August, new value notices were sent to property owners and informal meetings between Sabre Systems and property owners were conducted.

Judge Wettick's opinion and order stated that Allegheny County "is permitted to implement an assessment system under which there is a countywide reassessment every three years." The opinion and order reflect an opposition to a countywide reassessment every year. Judge Wettick helped reduce the number of appeals by deciding that if a taxpayer won his appeal in 2001, that he would thereby have his property assessed at the same figure in 2002, if the 2001 number is lower.

In 2001 the countywide reassessment that was conducted by Sabre resulted in over 90,000 appeals filed by taxpayers. In 2002 the countywide reassessment resulted in an additional 90,000 appeals. Appeals from these two years are still being heard in 2004.

On December 31, 2003 County Executive James Roddey completed his four-year term and was succeeded by Dan Onorato on January 1, 2004. Under the new administration, the Director of Administration and the Chief Assessment Officer were terminated. Currently the Director of Administration has been replaced and the County is looking for a new Chief Assessment Officer. The Office of Property Assessment is currently preparing for the 2006 countywide reassessment.

Currently, real property valuation accounts for 56.5 billion in assessed value and \$265 million in real property tax revenue for Allegheny County (see Schedules I, II, and III).

## II. Scope and Methodology

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Our review focused on Property Assessment's policies and procedures related to the assessment, valuation, and appeals processes throughout 2003. Specifically, we:

- Interviewed personnel from the Office of Property Assessment and the Board of Viewers that are involved in oversight activities.
- Reviewed Property Assessment's policies and procedures related to the assessment, valuation, and appeals processes.
- Documented and flowcharted Property Assessment's processes for lot plans and subdivisions, administrative changes, building permits, interim assessments, the appeals process through the Property Assessment Appeals and Review Board and the Board of Viewers, as well as the valuation for residential parcels.
- Reviewed and analyzed documents for the administrative changes, building permits, lot plans and interim assessments made to the properties in our samples to determine whether weaknesses existed in Property Assessment's policies and procedures, as well as oversight activities.
- Performed a cost analysis and an analytical review to determine the operational cost per parcel, the number of parcels per assessor, and other relevant metrics. We compared these metrics to other jurisdictions.
- Reviewed Property Assessment's compliance with the Administrative Code of Allegheny County related to the functions of the office and the Board of Property Assessment Appeals and Review.
- Reviewed the backlog of the Assessment Office, the Property Assessment Appeals and Review Board, and the Board of Viewers to determine if a plan of action to expedite the process had been implemented.
- Interviewed prior personnel of Property Assessment as well as current personnel to document the history of the Property Assessment Office from the 1970s through today.
- Determined how the models used for valuing residential parcels were created.

## II. Scope and Methodology

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- Verified that the models were consistently and properly applied to residential parcels in Allegheny County.
- Examined computer documents and other supporting documentation to obtain dates when transactions were processed.
- Reviewed abatements and exemptions to ensure that property owners complied with the requirements and that the abatements were properly administered.

Our review was significantly delayed due to Property Assessment's reluctance to respond to our requests for information in a timely manner. We conducted this review from February through April 2004. We provided a draft copy of this report for comment to the Director of Administrative Services.

### III. Findings and Recommendations

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(1)

#### **The Office of Property Assessment Should Eliminate Backlogs**

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Reviews of progress and performance contribute to effective and efficient operations. Records of the time spent on a task and the number of properties inspected help supervisors gauge progress and schedule and budget future work.

When we started our review in February of 2004 the OPA had major backlogs in all of their sections, which consisted of the following:

##### **Deed Registry**

There were 150 plans from the year 2002 and the 500 plans from 2003 that needed to be completed. A backlog in this section of the OPA creates a backlog in all other sections of the OPA because building permits, new construction, etc. cannot be added to the assessment rolls until the plans have been completed.

In addition, because the Recorder of Deeds was in the process of installing a new computer system they were unable to enter the deeds therefore creating a backlog for their office as well as for the Mapping Section of OPA. This backlog created a major problem when the tax bills were mailed to the property owners for 2004 taxes, because the current information on the deeds had not been entered into the system by the OPA. Due to the delay caused by the Recorder of Deeds computer conversion, over 15,000 tax bills were returned due to inaccurate mailings.

##### **Building Permits**

There were 7,313 open residential permits of which 6,351 have an estimated value of \$278,738,290 and the remaining 962 are rechecks, meaning the appraiser was already at the property but the construction was not finished and another visit is required. In addition, there are permits for the months of November and December of 2003 and January and February of 2004 which need to be entered into the database system and worked.

There were 2,539 open commercial permits with an estimated value of \$607,595,611, which needed to be completed.

### III. Findings and Recommendations

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There are an additional 1,994 permits that cannot be completed until the backlog in Mapping is caught up because there are no parcel identification numbers to link the building permit to.

This amounts to approximately \$1,000,000,000 in assessed values not being on the tax rolls, and approximately \$4,690,000 in lost tax revenue due to inefficient operations which lead to backlogs.

#### **Data Entry**

The data entry technicians had approximately 7,000 parcels that needed to be entered into Property Assessment's IAS system. Due to the tax bills being returned because of bad addresses, the data entry technicians stopped working on their backlog to assist the Mapping Section with the updating of the system from the deeds.

#### **Interim Assessments**

There are 1,400 interim assessments, which are included in the building permit backlog. An interim assessment cannot be issued until the permit has been worked and a value has been established.

#### **Resume/Shelf Report**

There were 9,241 parcels contained in the Shelf Report that had questions that needed resolved and were waiting to be finalized.

#### **Appeals**

There were 339 boxes of residential appeals and 73 boxes of commercial appeals that need to be reviewed by the assessors and any characteristic changes need to be data entered into the IAS system.

Property Assessment's Appeals and Review Board had 162 appeals that were heard in 2003 and are still awaiting board approval. They were in the process of scheduling an additional 1,000 appeals that need to be heard.

The Board of Viewers is currently hearing appeals for the years 2002 and 2003. They received approximately 5,000 appeals for 2002, 2,500 appeals for 2003, and 150 appeals for 2004.

In addition, we reviewed the performance reports of 31 residential assessors and valuations analysts for 2003. These

### III. Findings and Recommendations

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performance reports include the daily totals of parcels worked. Although we do realize that certain parcels are more time-consuming than others, on an average we calculated that 18 residential parcels were worked per employee per day. This average ranges from a low of 7 parcels worked per day to a high of 61 parcels worked per day. Based on this average, the records disclosed that 22 or 71% of the employees are performing below average, one or 3% is performing at the average mean, and 8 or 26% of the employees are performing above average.

#### **Recommendation**

We recommend that a formal performance management system be implemented to facilitate communication of performance expectations and to provide a tool for evaluation of staff performance and identification of training needs. Successful implementation would be enhanced by staff involvement in the development process.

We also recommend the OPA continue to view the need to clear the backlog as a priority. A formal plan should be established to identify dedicated resources and reasonable timeframes to complete the backlogs listed above.

### III. Findings and Recommendations

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(2)

**The Office of Property Assessment  
Is In Violation of the  
Administrative Code of Allegheny County**

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The Administrative Code of Allegheny County sets forth the details for the administration and the operation of Allegheny County. Articles 207 and 209 of the code specifically relate to the new Board of Property Assessment Appeals and Review and the Office of Property Assessments.

Throughout our review we tested Property Assessment's compliance with these articles and noted that the OPA needs to strengthen its compliance with the articles of the code. Specifically, our review disclosed:

Article 5-209.04 requires the OPA to establish internal policies, practices, and procedures within a time period deemed prudent in order to implement and maintain a computer assisted mass assessment system in the County. Our review disclosed there are no written internal policies and procedures on implementing and maintaining a CAMA system in Allegheny County. The OPA does maintain a memo book that includes recent memos, some of which do establish policy and cover topics such as recording the assessor's mileage, changing addresses on the IAS system, and office policies.

This article also requires that the OPA 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.

Our review disclosed that the OPA implemented a policy change in February 2004, regarding "Outbuilding Items" such as above ground pools, sheds, etc. These and other items are no longer being included as taxable property because they do not add sufficient value to a parcel to justify the cost of collection and processing. In addition, this policy includes items which are collectable but do not generate an additional taxable value of at least \$1,000 and will be carried over to the next tax year in 2005 and will not be added to the parcel's value for 2004. The OPA did not consult with the County's Law Department before this policy was implemented.

### III. Findings and Recommendations

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According to documentation provided by the OPA, this policy will affect 81,305 parcels in Allegheny County totaling \$27,438,900 in assessed values. This amounts to approximately \$128,688 in tax dollars projected to be lost by Allegheny County, not including lost tax dollars from school and municipal taxes throughout the County. Although the OPA states that the work to include these outbuilding items does not justify the collection and processing of these items, they did not perform any type of analysis to prove this.

This article also 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. The OPA does not have manuals or written guidelines consistent with nationally recognized standards that will achieve an inventory of all properties.

Article 5-209.05 requires that the Chief Assessment Officer ensure that revisions and equalizations are done in accordance with law, ordinance and industry standards at the lowest cost per parcel. Once again, documentation could not be provided by the OPA to ensure compliance with this article. In addition the OPA did not perform an analysis to achieve the lowest cost per parcel.

This article further 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. Our review disclosed that a residential cost valuation manual does exist but the manual is outdated. This manual has not been updated since September 7, 1999 when it was used for the 2000 revaluation.

Article 5-209.15 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 completion and submission of necessary forms in the property assessment appeals process. As of the date of our review, although some of these services are available, a formal program has not been adopted.

Article 5-210.05 requires that the CAMA system shall be operated in accordance with the standards and practices set forth in the IAAO's Standard on the Application of the Three Approaches

### III. Findings and Recommendations

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to Value in Mass Appraisal or any successor standard published by the IAAO. This article requires the Chief Assessment Officer:

- to prescribe guidelines for use by the County Assessors in applying the cost approach, the sales approach, and the income approach.
- to prepare and maintain manuals and other necessary guidelines consistent with the IAAO Standard on the Application of the Three Approaches to Value in Mass Appraisal or any successor standard published by the IAAO, reflecting the standard methods to perpetrate a current inventory of the objects of taxation, and
- to establish all other internal policies, practices and procedures to implement any and all aspects of the CAMA system for the determination of valuation of all objects of taxation in the County as part of a County Reassessment.

There are no policies and procedures documented in manuals other than the residential cost valuation manual, which has not been updated since September 1999.

Article 5-210.17 requires the Chief Assessment Officer to issue rules and regulations regarding requests for reduction of the valuation of parcels due to catastrophic loss. The OPA does not have written rules and regulations regarding catastrophic losses.

Article 5-210.18 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. Our review disclosed that the OPA does administer administrative changes however they do not have any written rules and regulations or policies and procedures for administering administrative changes.

Policies and procedures prescribe how processes should be performed and, when communicated throughout the organization, translate into specific practices providing direction on how operations are to be conducted. Clear objectives are essential to providing overall direction. Policies should support the achievement of objectives and the management of risk. A lack of current, complete, comprehensive and organized policies can result in the following:

- Staff inefficiencies in attempting to determine direction.

### III. Findings and Recommendations

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- Inconsistent treatment of similar situations and taxpayers.
- Public perception that the property valuation process is not fair and equitable.

Overall, little or no time has been devoted to policy and procedures development to ensure that key policies and procedures are in place to provide the necessary guidance and direction to staff and management in specific circumstances. Currently, the OPA does not have any policies and procedures manuals.

#### **Recommendation**

We recommend that the OPA through the Chief Assessment Officer comply with the Administrative Code of Allegheny County by establishing policies and procedures manuals that are consistent with nationally recognized standards for the Office of Property Assessment. These policies and procedures should identify a clear, complete, and comprehensive policy framework. In addition, a process should be created to provide effective oversight to ensure that policies and procedures are followed.

### III. Findings and Recommendations

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(3)

#### **The Office of Property Assessment Should be Checking for Delinquent Taxes before Subdividing of Lots**

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The Mapping Division of the Office of Property Assessment is responsible for the subdividing of lot plans. If a lot that is to be subdivided has delinquent taxes owed, the lot should not be divided until the taxes are paid. Once the lot is subdivided it is assigned a new parcel identification number and the old parcel identification number is deleted or the value is changed to zero.

Our review disclosed that the OPA is not checking the lot parcel identification number to the delinquent tax lien file maintained by the Controller's Office. OPA personnel told us that they were not checking for delinquent taxes because they did not know what delinquent file to use, the Controller's Office, the Prothonotary's Office or the Treasurer's Office. However, inquiries indicated the Mapping Division of the Controller's Office had informed the OPA to use the Controller's Office delinquent tax files on numerous occasions.

Our testing of 272 lot plans disclosed that 10, or 4% of the properties had been liened and still owed delinquent taxes totaling \$15,557.98 as shown in the schedule below:

Parent Lot Parcel #	Delinquent Taxes Owed
1356-R-135	\$1,019.46
522-J-50	1,141.22
562-P-27	7,297.50
662-D-14	258.89
821-K-200	2,101.82
821-R-135	3,054.52
87-F-283	103.95
87-F-292	62.37
942-H-160	504.46
1006-N-20	13.79

The above parcels have been eliminated in the computer system or their value has been reduced to zero and new parcel identification numbers have been created. Therefore the above

### III. Findings and Recommendations

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delinquent taxes will not be able to be collected because the parcel lot and block number has been eliminated or the property no longer has any value.

#### **Recommendation**

We recommend that OPA review all lots that are to be subdivided to determine if the property owner owes delinquent taxes. If the lot that is to be subdivided has delinquent taxes owed, the lot should not be divided until the taxes are paid. This review for delinquent taxes should be performed using the Controller's Office and Treasurer's Office files.

### III. Findings and Recommendations

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(4)

**OPA Needs to Ensure that all  
Properties within a Delineated Neighborhood  
are Properly Coded to that Neighborhood**

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Social, economic, governmental and environmental forces influence property values in the vicinity of a subject property. As a result, they affect the value of the subject property. Therefore, to conduct a thorough analysis, the boundaries of an area of influence must be delineated.

Analyzing the market area helps to provide a framework in which the opinion of property value is developed. The analysis identifies the area of influence and establishes potential limits within which the assessor searches for data that can be used to estimate the value of a property.

We reviewed a sample of 15 maps of various municipalities with delineated neighborhoods that were used to value parcels based on comparable sales within that neighborhood. Our review disclosed deficiencies with every map. These deficiencies included parcels that are coded to the wrong neighborhood. This results in the property's value being based on sales that have been pulled from the wrong area or neighborhood.

We were unable to quantify the volume of miscoded parcels for the 15 sampled maps. Therefore, we reviewed a sample of 6 neighborhoods from the 6 various municipalities (see Schedule IV). Our review disclosed that 347, or 31% of the 1,125 parcels tested were coded to the wrong neighborhoods. Additionally, 53 parcels or 5% have been subdivided and are included in the IAS system but the Geographic Information System maps have not been updated to reflect these changes. Therefore, we were unable to determine the current total number of these 53 subdivided parcels as well as if these newly subdivided parcels are coded to the correct neighborhood.

Our testing of these six neighborhoods disclosed that the improperly coded parcels ranged from as high as 64% to a low of 7%.

### III. Findings and Recommendations

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#### **Recommendation**

We recommend that OPA conduct a thorough review of every delineated neighborhood in Allegheny County to ensure that all parcels belong to that particular neighborhood as well as are properly coded to the correct neighborhood. This will ensure that when valuing properties the sales comparables will be chosen from the correct neighborhood and will assist the model in valuing the property correctly.

### III. Findings and Recommendations

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(5)

#### **The Office of Property Assessment Should Ensure that Property Values are Representative of the Sale Price**

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The sales comparison approach models the behavior of the market by comparing the properties being appraised with similar properties that have recently sold or for which offers to purchase have been made. In appeals hearings, a bona fide sale of the subject property is considered the best evidence of market value.

During our review of the valuation process, we noted that the OPA does use a model, which compares the subject property with similar properties that have recently sold. The OPA used sales from the period January 1, 1998 through June 30, 2001 for the 2002 reassessment. However, throughout our review we found that the OPA does not perform any type of reasonableness tests to ensure that properties that actually sold within the last several years are being valued based on that validated sale. For example, our review disclosed the following properties with assessment values that are not representative of the property's sales price. A sample of these properties is as follows:

<b>Lot &amp; Block #</b>	<b>Sales Price</b>	<b>Assessed Value</b>	<b>2002 Appealed Assessed Value</b>	<b>% Difference Assessed Value Greater or (Less than) Sales Price</b>
176-A-309	\$115,000	\$249,400	\$148,000	117%
86-N-94	109,000	231,900	155,000	113%
6-G-30	91,000	185,500	124,200	104%
426-K-85	75,000	168,900	138,000	125%
668-D-175	89,600	146,900	115,000	64%
40-R-248	80,000	132,600	84,800	66%
363-K-79	73,200	124,900	81,000	71%
101-G-361	54,000	97,600	70,000	81%
114-N-233	67,500	109,800	63,200	63%
434-S-28	24,000	64,600	24,000	169%
188-H-15	23,000	58,100	-----	153%
159-M-32	28,000	53,000	-----	89%
708-R-85	600,000	338,700	-----	(44%)
949-G-180	525,000	347,600	525,000	(34%)

### III. Findings and Recommendations

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362-F-305	358,600	232,400	-----	(35%)
12-L-30	140,000	87,500	148,400	(38%)
432-R-98	134,900	89,300	----	(34%)
668-G-40	105,000	66,700	----	(36%)
55-C-18	109,000	71,100	106,000	(35%)
852-P-114	81,000	53,500	85,900	(34%)

To ensure that properties with recent sales are valued within a certain percentage of the sales price, the OPA should perform reasonable tests on all validated sales. Any variances over a certain percentage established by the OPA should be reviewed and analyzed to determine the discrepancy.

#### **Recommendation**

We recommend that the OPA establish reasonableness tests to ensure that assessment values are being based on validated sales prices. This will substantiate that the property is being properly valued. In addition, in the absence of a sale of a subject property, sales prices of comparable properties are usually considered the best evidence of market value.

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(6)

**The Office of Property Assessment  
Should Enforce the Usage  
of Standard Building Permit Forms  
for all Municipalities**

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Building permits are a primary source of information that the OPA uses to update the property characteristics data on the IAS system. For property types, such as residential properties, which are valued on a sales comparison valuation basis using regression models, this data is particularly important because the quality of the valuation is dependent on the accuracy of the property attribute data. In addition, properties valued on the cost approach are also dependent on the accuracy of the property characteristics data maintained within the IAS database.

During our review we requested copies of building permits from all 130 municipalities within Allegheny County for the year 2003. Of the 68 municipalities that responded back to us, the format of the building permits was not uniform, complete or concise. Some municipalities track all building permits with parcel identification numbers and are organized on an electronic data spreadsheet, while others are sent in on individual pieces of paper for each building permit and do not always include parcel identification numbers.

The OPA management showed us a building permit form, which their office created and sent to all municipalities in 2002. The municipalities were given the choice to use this form or to use their own form as long as their form contained the information listed on the form provided by the OPA. The OPA also listed points of contact for building permits and interim assessments.

#### **Recommendation**

We recommend that the OPA enforce the use of the building permit forms as well as encourage electronic format data that can be emailed directly to OPA. This will help to capture all necessary and relevant data as well as make the process more efficient.

### III. Findings and Recommendations

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(7)

#### **The Office of Property Assessment Needs to Strengthen its Internal Controls**

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Effective internal controls ensure that laws and regulations are met, standards of appraisal accuracy are maintained, work is finished on time, and staff and resources are used wisely. Internal controls are the structures, policies, and procedures put in place to provide reasonable assurance that management meets its objectives and fulfills its responsibilities.

Our review of the OPA included reviewing, documenting, and analyzing the processes strengths and weaknesses. Throughout our review we noted the following weaknesses:

##### **Lot Plans/Subdivision Process**

- The OPA does not check to determine if a lot parcel that is to be subdivided has delinquent taxes owed to the county. Therefore, once the lot is subdivided it is assigned a new parcel identification number and the old parcel identification number is deleted. (See Finding on page 21).
- In addition, there is no quality control to provide assurance that the data that is being entered into the IAS system is accurate. This is important because this information is then used throughout the rest of the process.

##### **Administrative Changes**

- An administrative change (A-4 form) can be mailed to the OPA or phoned in to the department and the secretary will complete the A-4 form for the property owner. However, these calls or mailed forms are not logged into a spreadsheet to keep track of all administrative change requests. This can result in an administrative change not being completed by the assessor and changed on the property owner's property record card. This in turn would not be reflected in the value of the owner's assessment.

### III. Findings and Recommendations

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#### **Building Permit Process**

- The OPA does not enforce the usage of standard building permit information that is needed by OPA to update the property for the change. (See Finding on page 27).
- There are no internal controls in place to ensure that all building permits are entered into the system and properly valued.

#### **Appeals Process**

- The report completed by the Hearing Officers does not contain detailed explanations on how their recommendations were derived. In addition, the Hearing Officer relies on the appellant's information and the assessor does not verify the information prior to the hearing.
- All appeals are scheduled through the computer system and the name of the board member hearing and reviewing the appeal is documented. However, if an appeal is changed to another board member due to a conflict of interest, etc., this change is not reflected in the computer system.
- Hearing Officers are not entering the additional information needed regarding the appeal. For instance, if an attorney represents the property owner, we noted the attorney's name and address is not always entered into the computer system. Therefore, if the owner does not win their appeal, they are notified and given 30 days to file for an appeal with the Board of Viewers. However, the owner assumes that the attorney has been notified and sometimes the 30 days lapse due to this deficiency.

#### **Resume Process**

- Parcels that have been worked and that are now ready to have a value change posted are put on a resume. The preliminary resume is reviewed by a valuation analyst for reasonableness. Parcels that are removed from the resume by a valuation analyst due to a questionable value are put on a shelf report. During our review we noted 9,241 parcels on the shelf report that need to be investigated so that they can be put back on the resume and posted. However, we noted that the items put on the shelf report continue to accumulate and are not being investigated in time to allow the items to be posted with the next resume.

### III. Findings and Recommendations

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#### **Inadequate Segregation of Duties**

During our review we noted inadequate segregation of duties among personnel. Although there are many management positions and staff positions throughout the OPA, only two employees had access to the models used in the valuing of the properties in Allegheny County.

Furthermore, only one person in the entire OPA understands how the models were created and should be applied. This situation prevents any type of effective review or control of the models, their creation, or their application to properties. The complete lack of control over this critical part of the property assessment process makes it impossible to verify, document, or support the integrity of the entire models process. This situation could also undermine the public's perception of the accuracy and fairness of the property assessment process. This in turn seriously undermines the credibility of the property assessment process.

In addition, we noted that many functions are performed by only one employee without any supervision or cross-checking by others. There is a significant opportunity for employees to alter models or critical data without anyone's knowledge.

#### **RECOMMENDATION**

We recommend that:

1. At least two employees should be trained to perform each function and given the necessary access to perform that function.
2. At least three employees should be trained to perform critical functions such as model development and application.
3. Changes to critical data or models should require the documented approval of at least two people. Nobody should be allowed to change models or critical data by themselves without any accountability.
4. An effective audit trail should be established to review changes to models or critical data. This audit trail should track who made the change and when. Ideally the audit trail mechanism should provide means for the person making the change to document why the change was made.

### III. Findings and Recommendations

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This audit trail should be retained for several years and it should be reviewed frequently by OPA personnel.

5. This audit trail should be readily available for review by other authorized organizations such as the Allegheny County Controller's Office.
6. The entire model development and application process should be carefully and thoroughly documented. This documentation should be in a form that would allow it to be made available for review by outside experts. The OPA should be prepared to justify its valuations to external entities who may wish to review or challenge the OPA's procedures or the valuations generated by those procedures. This full disclosure policy will enhance the OPA's credibility with taxpayers.

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(8)

**The Office of Property Assessment's  
Oversight and Procedures for  
Lot Plan Splits, Administrative Changes,  
Building Permits and Interim Assessments  
Needs to be Improved**

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**Lot Plan Splits**

We sampled 25 lot plan splits that were processed during 2003. Of these 25 tested:

- 13 of the 25 lot plan splits did not have documentation detailing their log-in date in Mapping's data base.
- 3 of the 25 lot plan splits did not indicate that the Chief Assessment Officer signed the resume, although documentation showed they had been posted.
- OPA's processing of the lot plan splits ranged from 10 months to 22 months until the lot plan split was completed.

**Administrative Changes**

We sampled 25 administrative changes that were processed during 2003. Of these 25 tested:

- OPA could not locate the A-4 forms for 11 of the 25 administrative changes and the property record cards for 7 of the 25 administrative changes.
- 4 of the 25 administrative changes did not have documentation that fieldwork was performed.
- OPA's processing of administrative changes ranged from 3 months to 13 months until the administrative change was completed. We were unable to determine the processing time for 12 of the administrative changes because the date of the initial complaint could not be determined.

### III. Findings and Recommendations

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#### **Building Permits**

We sampled 25 building permits that were processed during 2003. Of these 25 tested:

- 2 of the 25 building permits did not have documentation that fieldwork was performed.
- 2 of the 25 building permits did not show that the residential manager and the commercial manager signed the resume, although documentation showed they were forwarded to the resume to be posted.
- 2 of the 25 building permits did not show that the chief assessment officer signed the resume, although documentation showed they had been posted.
- 1 of the 25 building permits was coded to the wrong parcel identification number. This results in the property that should have had the building permit not being properly assessed.
- OPA could not locate the files or supporting documentation for 3 of the 25 building permits.
- 25 of the 25 building permits do not have documentation of when the permit was received by OPA. Therefore, we were unable to determine the amount of time it takes OPA to process building permits.

#### **Interim Assessments**

We sampled 25 interim assessments that were processed during 2003. Of these 25 tested:

- 6 of the 25 interim assessments were mailed to the municipalities with estimated values prior to fieldwork being conducted. The Interim Assessor was told by her supervisor to estimate the value at 90% of sales or neighboring values if fieldwork has not been completed to reduce the backlog.
- Of these 6 properties, 5 of the values were overstated by \$147,050, or an average of \$29,410 per property and one of the values was understated by \$7,000 after the assessor had completed the fieldwork and assigned the parcels' value. If the property owner or municipality complains about the value change, the interim assessor will send out an adjusted interim assessment that reflects the new value.
- OPA could not locate the file for one interim assessment parcel.

### III. Findings and Recommendations

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- OPA's processing of the interim assessments ranged from 0 days for items such as fences which have no value changes to as high as 422 days to complete until the interim assessment was mailed to the municipalities. Overall, the interim assessment process averages 129 days to complete.

#### **RECOMMENDATION**

We recommend that the Director of Administrative Services reevaluate the procedures governing 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.

### III. Findings and Recommendations

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(9)

#### **The Office of Property Assessment Needs to Create a Positive Environment and Increase Morale among its Employees**

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An important factor for success in an organization is the stability and continuity of its leadership, specifically personnel in management and supervisory positions. Furthermore, it is critical that management be perceived by staff to share a common understanding of business objectives and coordinate their efforts to achieve these objectives.

Our review of personnel at the OPA disclosed a high turnover in management, supervisory and staff positions over the last four years and low morale. In addition, staff members have expressed concerns that they were overlooked for promotions and were not granted raises that they were promised. They are currently in arbitration with the union and the County. They also feel that they are not listened to or respected for their knowledge and experience and are not included in decision making that directly affects their jobs.

In addition, the staff has expressed concerns that they do not receive adequate training in their specialized areas of assessment. Training programs should be planned in advance and all employees should be encouraged to participate.

During our review we were impressed with the mutual respect that exists among the professional assessors and the CAMA technicians and their commitment to their position.

#### **Recommendation**

We recommend that the management group at the OPA act as a team in support of common objectives and create a positive environment for the organization. Staff must feel confident that they can take their concerns to their supervisor or manager and that these concerns will be heard and acted upon. The staff should be given additional training so that the OPA has employees with skills in administration, mass appraisal, and single-property appraisal so that appraisal values of all properties can be developed in-house and defended successfully at every level of appeal.

## Cost Analysis Schedule

### Number Of Parcels Per Assessor

Year	Total Employees	Total Assessors	Total Number of Taxable Parcels	Taxable Parcels Per Assessor	Total Number Of Parcels	Total Parcels Per Assessor
2001	93	33	530,681	16,081	556,007	16,849
2002	124	32	534,142	16,692	559,905	17,497
2003	138	41	533,913	13,022	560,425	13,669
2004	138	44	535,597	12,173	561,903	12,771

### Cost Per Parcel

Year	Number Of Parcels	Total Annual Budget	Average Cost Per Parcel Per Budget	Annual Actual Expenses	Average Cost Per Parcel Per Actual
2001	556,007	\$5,860,067	\$11	\$5,669,456	\$10
2002	559,905	\$7,134,130	\$13	\$7,006,259	\$13
2003	560,425	\$6,557,507	\$12	\$6,198,452	\$11
2004*	561,903	\$7,405,349	\$13	\$6,475,812	\$12

\* 2004 Actuals are prorated based on the first quarter.

## Cost Analysis Schedule

### Taxes Due

	Adjusted Assessed Values	Millage Rate	Beginning of Year Expected Tax Collections	End Of Year Actual Assessed Property Values	Actual Taxes Levied	Amount Collected at Year End	Percentage Collected
2000 *	\$9,629,578,425	25.2	\$242,665,376	\$9,587,379,581	\$241,601,965	\$222,930,336	92%
2001	\$56,905,382,742	4.72	\$268,593,407	\$55,128,007,049	\$260,204,193	\$240,719,759	93%
2002	\$61,597,763,244	4.69	\$288,893,510	\$59,176,240,257	\$277,536,567	\$257,719,903	93%
2003	\$58,161,646,272	4.69	\$272,778,121	\$56,545,422,888	\$265,198,033	\$240,389,025	91%

\* 2000 Certified Assessed Values are 25% of the market values. As of January 1, 2001, the assessed value on all real property was changed to equal 100% of market value, requiring a corresponding decrease in the millage rate.

Source: CAFR/Treasurer's Office

### Number Of Parcels By Type and Exemptions

	Number of Taxable Properties	Number of Residential Taxable	Number of Commercial & Other Taxable	Number of Exempt Parcels	Number of Purta Parcels	Number of Lerta Parcels
2001	530,681	491,299	39,382	24,250	1,076	0
2002	534,142	494,061	40,081	24,773	990	0
2003	533,913	494,514	39,399	25,578	934	15
2004	535,597	496,061	39,536	25,374	932	13

### Value of Parcels by Type and Exemptions

	Certified Taxable Parcels	Value of Residential Parcels	Value of Commercial & Other Parcels	Value of Exempt Parcels	Value of Purta Parcels	Value of Lerta Parcels
2000*	\$38,518,313,700	\$28,418,129,264	\$10,100,202,436	\$9,693,246,120	\$0	\$0
2001	\$56,905,382,742	\$41,528,099,544	\$15,377,283,198	\$13,082,906,156	\$145,323,950	\$0
2002	\$61,740,724,453	\$45,875,383,858	\$15,865,340,595	\$13,140,789,497	\$134,225,670	\$0
2003	\$58,961,137,108	\$43,248,067,968	\$15,713,069,140	\$13,677,336,395	\$137,645,250	\$87,789,900
2004	\$56,481,403,900	\$41,213,754,967	\$15,267,648,933	\$13,894,979,230	\$137,860,450	\$59,565,200

\* 2000 certified values were adjusted to reflect the change in valuation from 25% of value to 100% of market value.

Purta- Public Utility Realty Tax Act

Lerta- Local Economic Revitalization Tax Assistance Act

Source: County Certification Reports

**Appeal Statistics**

	Number of Appeals Filed	Number of Appeals Added*	Number of Appeals Withdrawn/Dismissed	Final Appeals	Number of Appeals Held	Number of Appeals Remaining	Number of Appeals Postponed
2001	92,093	----	11,413	80,680	45,893	34,787	2,608
2002	**128,760	1,663	33,945	96,478	82,304	14,174	6,166
2003	10,491	2,851	2,168	11,174	11,170	4	1,516
As of 5/2004	9,400	----	----	----	----	----	----

\* Appeals can be added after yearly deadline if a value change occurred from a building permit

\*\* Includes 34,787 appeals remaining from 2001

**Dispositions of Residential Parcels**

	Residential Disposition Decreased		Residential Disposition Increased		Residential Disposition Sustained		Total Dispositions
2001	22,760	68.74%	1,700	5.13%	8,652	26.13%	33,112
2002	36,949	64.99%	2,157	3.79%	17,751	31.22%	56,857
2003	4,365	45.83%	3,030	31.82%	2,129	22.35%	9,524

**Dispositions of Commercial Parcels**

	Commercial Disposition Decreased		Commercial Disposition Increased		Commercial Disposition Sustained		Total Dispositions
2001	1,390	68.51%	38	1.87%	601	29.62%	2,029
2002	2,458	61.61%	202	5.06%	1,330	33.33%	3,990
2003	711	46.11%	288	18.68%	543	35.21%	1,542

2001 Figures as of 12/12/01

2002 Figures as of 12/24/02

2003 Figures as of 4/13/04

2004 Figure estimated as of 5/5/04

**Residential Appeal Value Changes**

	Residential Disposition Value at Appeal	Change	Value After Appeal	Percent Change
2001	\$ 3,295,769,598	\$ (399,196,196)	\$2,896,573,402	-12.1%
2002	\$ 6,919,813,970	\$ (715,795,784)	\$6,204,018,186	-10.3%
2003	\$ 871,734,038	\$ 113,278,292	\$ 985,012,330	13.0%

**Commercial Appeal Value Changes**

	Commercial Disposition Value at Appeal	Change	Value After Appeal	Percent Change
2001	\$ 1,099,845,400	\$ (263,474,105)	\$ 836,371,295	-24.0%
2002	\$ 3,809,286,840	\$ (727,867,141)	\$3,081,419,699	-19.1%
2003	\$ 1,120,959,406	\$ (151,475,192)	\$ 969,484,214	-13.5%

2001 Figures as of 12/12/01

2002 Figures as of 12/24/02

2003 Figures as of 4/13/04

## Multi-County Survey

	Allegheny County	Philadelphia	Dauphin County	Westmoreland County
<b>Number of Parcels</b>				
2001	556,007	565,579	107,764	184,308
2002	559,905	565,581	108,323	185,125
2003	560,425	565,557	108,703	186,012
2004	561,903	566,374	109,306	186,952
<b>Number of Assessors</b>				
2001	33	101	5	10
2002	32	98	5	10
2003	41	92	5	10
2004	44	93	5	10
<b>Number of Employees</b>				
2001	93	152	19	20.5
2002	124	148	18	20.5
2003	138	143	16	20.5
2004	138	141	16	20
<b>No. of Parcels Per Assessor</b>				
2001	16,849	5,600	21,553	18,431
2002	17,497	5,771	21,665	18,513
2003	13,669	6,147	21,741	18,601
2004	12,771	6,090	21,861	18,695
<b>Budget</b>				
2001	\$ 5,860,067	---	\$ 1,269,772	\$ 794,677
2002	\$ 7,134,130	\$ 7,655,000	\$ 1,262,316	\$ 778,866
2003	\$ 6,557,507	\$ 7,754,000	\$ 1,168,978	\$ 853,881
2004	\$ 7,405,349	\$ 8,840,000	\$ 1,401,965	\$ 914,889
<b>Actual</b>				
2001	\$ 5,669,456	\$ 7,764,991	\$ 1,152,510	\$ 728,341
2002	\$ 7,006,259	\$ 7,665,354	\$ 1,134,300	\$ 792,520
2003	\$ 6,198,452	\$ 7,753,237	\$ 1,051,836	\$ 865,459
2004 Est.	\$ 6,475,812	\$ 7,711,710	\$ 1,361,236	-

### Schedule of Parcels Coded to Neighborhoods for Sales Comparisons

Municipality	Neighborhood #	Total # of Properties in Neighborhood	Properties Coded:		Properties Not in GIS	Commercial Properties
			Correctly	Incorrectly		
Bethel Park	87611	56	12 22%	36 64%	5 9%	3 5%
Braddford Woods	80902	250	100 40%	117 47%	31 12%	2 1%
Blawnox	80601	171	138 80%	20 12%	8 5%	5 3%
Bridgeville	81107	221	204 92%	15 7%	1 0.5%	1 0.5%
Clairton -Ward 2	20203	402	244 60%	148 37%	8 2%	2 1%
Braddock Hills	87202	25	14 56%	11 44%	0 0%	0 0%
<b>Totals</b>		<b>1125</b>	<b>712</b>	<b>347</b>	<b>53</b>	<b>13</b>
<b>Percentages</b>			<b>63%</b>	<b>31%</b>	<b>5%</b>	<b>1%</b>



TIMOTHY H. JOHNSON  
DIRECTOR

# County of Allegheny

DEPARTMENT OF ADMINISTRATIVE SERVICES

Appendix 1

June 18, 2004

Honorable Mark Flaherty, Controller  
Office of the County Controller  
436 Grant Street Room  
104 Courthouse  
Pittsburgh, PA 15219

RE: Response to Controller's "Review of Allegheny County Department of Property Assessment's Policies and Procedures Related to the Assessment, Appeals and Valuation Processes for Residential Parcels as of December 31, 2008"

Dear Controller Flaherty:

Thank you for the opportunity to respond to the above referenced review of the Allegheny County Office of Property Assessment's (OPA's) policies and procedures for residential parcels during the period January 1 through December 31, 2003.

This reply addresses each of the recommendations made in the report. The response does not address the specific numbers contained in the report, but does address the concepts of the recommendations.

1. **A formal performance management system be implemented...also recommend the OPA continue to view the need to clear the backlog as a priority.**

OPA agrees with this recommendation and has taken steps to implement a plan to eliminate all backlogs. Processing backlogs is a critical element of any reassessment process. Since January 2004, the new county administration has reviewed the status of the backlog and found that it was not at the levels that were expected. During the first six months of 2004, the county submitted a grant application to the state for \$2.7 million to be used to eliminate the current backlog. The grant was approved and will provide the resources to eliminate the backlog by the end of the year. One aspect of the plan to eliminate the backlog includes a tracking system to document where backlogs exist. Reports will be reviewed by management weekly and employees reallocated to tasks as needed.

202 COURTHOUSE \* 436 GRANT STREET \* PITTSBURGH, PENNSYLVANIA 15219  
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2. **Comply with the Administrative Code by establishing policies and procedures manuals that are consistent with nationally recognized standards**

OPA agrees with this recommendation. The OPA has a good collection of policies and procedures, but these have never been fully assembled and completed. In addition, the administration will review the policy related to the outbuilding items contained in this finding and make adjustments to the policy if necessary. A system of internal controls will also be implemented to ensure that policies and procedures are followed.

3. **The OPA review all lots that are to be subdivided to determine if the property owner owes delinquent taxes ... the lot should not be divided until the taxes are paid.**

OPA agrees with this recommendation subject to a determination by the County law Department on its legality.

4. **The OPA conduct a thorough review of every delineated neighborhood...to ensure that all parcels belong to that particular neighborhood and are properly coded to the correct neighborhood.**

OPA agrees with this recommendation. The improper coding of properties within delineated neighborhoods is a residual of the property revaluation of Allegheny County by Sabre Systems. The resolution of the improper coding of neighborhoods will be addressed during the 2006 reassessment.

5. **The OPA establish reasonableness tests to ensure that assessment values are being based on validated sale prices.**

OPA agrees with this recommendation. Prior to the certification of the 2006 reassessment, an independent third party firm will perform a sales ratio study to measure the accuracy and fairness of the reassessment. In addition, the County will perform various analyses to evaluate the reassessment.

6. **The OPA require the use of standard building permit forms by municipalities as well as encourage electronic format data that can be emailed directly to OPA.**

OPA agrees with this recommendation. The use of standardized forms and methods of submission will increase the efficiency of the process.

7. **The recommendation included training 2 or 3 employees to perform certain functions, documented approval of 2 employees for changes to critical data/models and including certain data such as when and why, and documentation of the model development and application.**

OPA agrees with the recommendation that sufficient cross training of employees is essential to ensure the success and continuity of the assessment process. Documentation contained in policy and procedure manuals will assist employees in the performance of their functions. It will also help demonstrate that the assessment process and models are documented and explainable. It is also essential to implement a system of internal controls to provide checks and balances in the system. Also, an effective audit trail must be established to review changes that have been made to the system.

8. **Reevaluate the procedures governing OPA's lot plan splits, building permits, administrative changes and interim assessment procedures ... focus on strengthening the oversight and internal controls of the processes to ensure that all Property owners are assessed in a timely manner.**

OPA agrees with this recommendation and has instituted a tracking system. This system allows the staff to enter/track any action from start to finish in a permanent tracking system. Each action is routed, step by step, until it is completed. This system will be the standard method to transfer action, check on status and retain data.

9. **The OPA create a positive environment for the organization...In addition, the staff should be given annual training.**

OPA agrees with this recommendation. The employees of OPA are dedicated to their work. It is important to create a team atmosphere and promote a positive work environment in any organization. OPA will work towards that goal.

OPA agrees that more training would be beneficial. All assessors are given the full CPE course which is the standard for assessment training. Also all CPE holders are given update training every year. We will also work with the employees to get their input on areas of interest for additional training programs.

I wish to thank your staff for the professional and diligent manner in which they conducted this audit.

Sincerely,

*T H Johnson*

T.H. Johnson  
Director

cc: James Flynn, County Manager  
Sam Wilson, OPA Manager