



**BERTHA W. HENRY, County Administrator**

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## MEMORANDUM

**DATE:** October 26, 2009

**TO:** Broward County Board of County Commissioners

**FROM:** Bertha Henry, County Administrator

**SUBJECT:** **Response to the Review of the Value Adjustment Board Petition Processing Software Audit dated August 5, 2009**

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County Administration agrees with the findings and associated recommendations contained in the Review of the Value Adjustment Board Petition Processing Software Audit dated August 5, 2009. While it was anticipated that there will be some debugging necessary, overall the system is functioning as contemplated and the changes discussed below strengthens the controls in the system.

As background, the VAB's Axia system was selected through an RLI process (RLI #20051107-0-CR-01) and was designed at Broward County with significant input from Broward County staff. This design process was necessary because there were no other systems in the marketplace that met the requirements of the Value Adjustment Board process and its governing rules. Staff made the decision to put this system into production shortly before final acceptance, and work continued on the system even after it was in production in order to complete its development. While this is not a common practice for technology projects, this course of action was far less risky than using the old system for another tax cycle and contingencies were put in place to assure no major failures to the system occurred.

It should also be noted that the Property Appraiser and her staff worked cooperatively with our staff to assure greater efficiencies between our two systems were achieved, which further enhanced the end project. We want to publicly express our appreciation for their participation.

Below are the responses to each of the recommendations contained in the review.

### **County Auditor Recommendations**

1. Perform a detailed review and reconciliation of 2007 petition data to identify and resolve differences between PAO and VAB data (*immediately*).

**Response: Agreed and completed. The Property Appraiser's Office (PAO) and Value Adjustment Board (VAB) figures for the 2007 Tax Impact Notice have been reconciled.**

2. Perform a comprehensive and thorough validation of the Axia software. Testing should be periodically re-performed, especially upon PTG modifications of the Axia software (*within 6 months and continuously thereafter*).

**Response: Agreed and a comprehensive validation of the Axia software is ongoing and will be completed by March 01, 2010. Going forward, testing of functionality and impact on the existing application will be performed prior to applying software modifications provided by the vendor.**

3. Work with PTG to correct deficiencies in automated processing and determine the feasibility of adding auto-calculations and input control features to Axia (*within 6 months*).<sup>i</sup>

**Response: Agreed and partially implemented: Auto-calculate functionality has been added to the application. If the user selects the auto-calculate feature, AXIA will calculate the Taxable Value.**

**Staff is working with the vendor to ensure that all code entries are selectable from a drop down list of valid values. This will eliminate the inconsistencies in the use of '0', 'NULL', 'n/a' and blank values. Staff is compiling a list of reasonability checks for value fields that will assist in reducing input errors to be presented to the vendor by early November, and will request that the vendor hold a collaborative session at its January user conference to allow other client counties the opportunity to suggest reasonability/edit checks.**

4. We recommend that the Board direct the County Administrator to obtain Axia scripts and instructions for preparing and generating a Tax Impact Notice and ensure VAB staff are able to use Axia for its intended functions independent of PTG assistance (*immediately*).

**Response: Agreed and completed. Staff can now generate the Tax Impact Notice completely independent of PTG assistance for future tax cycles.**

5. Determine the feasibility of developing automated verification and audit functionality in Axia, as set forth in the project Statement of Work (*within 6 months*).<sup>i</sup>

**Response: Agreed. In process for completion by March 1, 2010. The vendor, in its most recent software release, has incorporated a PAO/VAB audit queue to facilitate this functionality. Staff is currently evaluating this functionality. Staff is also working independently from the vendor to enhance methods of verifying petition data. Staff has had meetings with Property Appraiser staff and staff involved in the TaxSys tax collection application that have resulted in better methods of separating VAB changes from non-VAB changes in the TaxSys application and procedures for handling periodic PAO data updates.**

6. In the interim, continue to reconcile correction and adjustment data between Axia and the Property Appraiser's records to ensure the VAB actions are accurately recorded (*immediately and continuously*).

**Response: Agreed and in process. PAO and VAB staffs have established procedures to reconcile data between systems. In addition, this process will continue to be enhanced through periodic data exchange and automated review.**

7. Determine the feasibility of periodically generating a 'draft' Tax Impact Notice to facilitate early identification of errors or irregularities in the data or processing (*within 3 months*).<sup>i</sup>

**Response: Agreed. Technical staff is developing a process to easily sync the production and test environments and will use this process to generate a periodic 'draft' Tax Impact Notice in test, to allow the necessary time required to validate the reported totals.**

8. Increase the level of logical access controls over Axia (*within 6 months*)<sup>i</sup> by:

- Establishing user roles aligned with Broward County's VAB staff responsibilities.
- Revoking PTG access to the production Axia environment.
- Ensuring users are assigned individual accounts and held accountable for activity on the system.
- Restrict users' ability to circumvent programmed workflows, such as void and adjustment privileges, to appropriate VAB supervisors.

**Response: Agreed and partially complete. To date:**

- The vendor has committed to define user rights and roles.
- The vendor's production access has been revoked. In cases where vendor participation is required to correct an issue, access is temporarily granted while the issue is addressed and immediately revoked once the issue is resolved. For future issues, technical staff is developing a process to easily sync the test and production environments so that vendor assistance with application problems can be performed in the test environment only. In instances where the production system is critically impacted, the vendor may be granted limited production access to alleviate the immediate problem. Technical staff will monitor and participate in the resolution process using WebEx sessions.
- Currently, there are no generic accounts active in the system.
- Supervisory staff is in the process of identifying all activities that should require supervisory approval to perform. Further, the vendor is pursuing an application that restricts clerical staff from performing non-routine petition changes without supervisory approval.
- These efforts will be completed by March 31, 2010.

9. Establish mitigating controls, including:

- Reporting on non-routine transactions, such as voids, adjustments to petitions subsequent to VAB finding of fact, and changes in petition numbering (*within 6 months*).<sup>i</sup>
- Continuous supervisory review and approval of non-routine petition processing to identify trends and unusual activity, especially as pertains to vendor access, frequency of voids, and use of override functions (*within 6 months*).<sup>i</sup>

**Response: Agreed and in process.**

- **The vendor has agreed to deliver an audit report on override activity within the next four months.**
- **Supervisory staff is monitoring this activity and it has diminished since the 2007 cycle. No renumbering of petitions occurred in the 2008 cycle and voids were reduced from 192 in 2007 to 10 in 2008.**

Again, we thank the Auditor and his staff for their assistance and we will provide periodic updates on our progress on the recommendations.

BWH/rb/ds

cc: Evan Lukic, County Auditor  
Jeff Newton, County Attorney  
Melissa Heller, Director, Finance & Administrative Services Department  
Sue Baldwin, Director, Records, Taxes & Treasury

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<sup>i</sup> Requested timeframes for addressing audit recommendations encompasses time required to perform analysis and log issues with the vendor. Times required for the vendor to institute a solution, and incorporate it into a software release, are outside of the scope of the requested timeframes.