TO

The Honorable President and
Members of the City Council
C/O Karen Randle
Room 409, City Hall

DATE:
November 5, 2013

Attention: Karen Randle

CCB 13-0127R – Auditing Baltimore's Tax Programs

Analysis

The Finance Department is not opposed to audits. In fact, the Department feels that audits are necessary to ensure that public dollars are managed properly and effectively. This is the reason the Finance Department created the Billing Integrity Unit to oversee billing calculations. With only two staffers auditing, the Billing Integrity Unit has identified and corrected thousands of errors that existed prior to the present Administration taking office. Without the Billing Integrity Unit, thousands of bills would be incorrect. This year, the Billing Integrity Unit's audit efforts have identified over $11 million in tax revenue that was lost over the past decade.
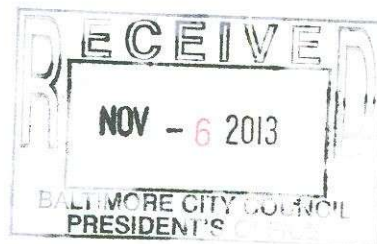
But just as important as audits, the Billing Integrity Unit is in the process of re-engineering the tax credit system to proactively stop errors from happening – NOT just find them after the fact. It's important we do not give citizens the false impression that if we only audit more, then this problem would go away.

An outside audit now would slow the current re-engineering process and would ensure a delay in fixing tax credit problems. It would also duplicate costs to the taxpayers because audits are already occurring both through the work of the Billing Integrity Unit as well as under legislation already passed by the council. We need to remember the Billing Integrity Unit was established to exercise oversight in the billing process.

Recommendation

The Department of Finance opposes Resolution 13-0127R.

Cc: Harry Black
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      William Voorhees
      Angela Gibson

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