

CITY OF BALTIMORE

STEPHANIE RAWLINGS-BLAKE, Mayor



DEPARTMENT OF AUDITS

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November 5, 2013

The Honorable President and Members
Of the Baltimore City Council
Attn: Karen Randle, Executive Secretary
Room 419, City Hall
100 North Holliday Street
Baltimore, Maryland 21202

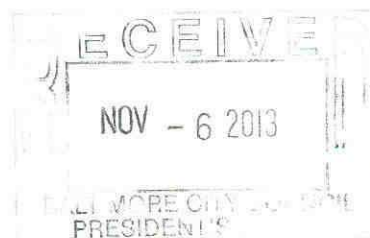
Re: City Council Resolution 13-0127R – Auditing Baltimore’s Tax Programs

City Council Resolution 13-0127R is for the purpose of calling for an immediate and thorough audit of the Finance Department and the City’s Tax programs to determine exactly what errors have been made in administering the City’s property tax programs and how much money these errors are costing the City.

The Resolution appears to be written, on lines 3-4 and 24-25, page 1, and on line 2, page 2, as calling for an “...audit of the Finance Department and the City’s Tax programs...”; however, the Recitals primarily pertain to the City’s property tax credit programs. The Department of Audits recommends that City Council Resolution 13-0127R be amended on lines 3-4 and 24-25, page 1, and on line 2, page 2 by deleting the words “Finance Department and” and by inserting after Tax programs, “as administered by the Finance Department”. The Resolution would be for the audit of the City’s property tax credit programs as administered by the Finance Department.

The Recitals also, on line 7, page 1, mention the Enterprise Zone Tax Credit program and two unrelated tax programs (which we believe are the Historic and Homestead Tax Programs). The City Council bill should be amended to clarify whether these three property tax credit programs are included as historical information or pertain to specific programs to be audited.

The Department of Audits is in favor of auditing the City’s property tax credit programs as administered by the Finance Department. The Department of Audits had started a preliminary review and documentation of the types and administration of the City’s property tax credit programs, and intends to perform an audit of these programs, given the resources to do so. As the City Council is aware, Comptroller Joan Pratt has been requesting additional funds for the Department of Audits for many years, but the budget has not been adequately increased to perform Charter mandated audits and other audits, as requested. As audit resources are limited, the Department of Audits recommends that the City Council bill include a prioritization of the tax credit programs to be audited.



F/A

The Department of Audits concurs with the City Council in that an audit of the City's property tax credit programs would improve the administration of Tax Programs and provide increased future revenues to the City.

Respectfully submitted,



Robert L. McCarty, Jr., CPA
City Auditor

cc: Honorable Joan M. Pratt, Comptroller
Angela C. Gibson, Mayor's Legislative Liaison
Gail F. Adams, Deputy City Auditor
Sheila Wyche