

OFFICE OF THE NASSAU COUNTY COMPTROLLER



Audit Follow-Up

Nassau County
Department of Assessment
Review of
Property Tax Exemption Processing
May 21, 2021

**JACK SCHNIRMAN
COMPTROLLER**

OFFICE OF THE NASSAU COUNTY COMPTROLLER

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This report is and the original report is available on our website at: <https://www.nassaucountyny.gov/Audits>



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May 21, 2021

Hon. Jack Schnirman

Nassau County Comptroller

Dear Nassau County Taxpayers:

This report provides a follow-up to the Review of the Nassau County Department of Assessment Property Tax Exemption Processing, which was released in May 2019.

From day one, a key priority for my Office was to focus on conducting audits that achieve results, such as the improved procedures for exemption processing implemented as a result of our audit.

That's why since 2018, our team has implemented a policy establishing a follow-up review of our audits. Along with providing an update and making it accessible for taxpayers, this follow-up procedure ensures increasing efficiency and accountability within our County government through the implementation of our audit's recommendations.

This follow-up process is not about playing "gotcha" with our audits; it's about real work getting done, focused on outcomes and results for our residents and taxpayers. That is why, rather than simply releasing our findings and walking away, since the release of the audit our team has worked to ensure results. This means giving those responsible for implementing corrective actions the time necessary to address our recommendations. In particular with this follow-up review, the Department of Assessment increased its staff, implemented new procedures and saw new oversight (from the Nassau County Executive's newly constituted Quality Assurance Unit), while also dealing with the operational effects of the COVID-19 pandemic.

I encourage you to read the original audit and this follow-up report to evaluate both the work of this Office and the Department of Assessment's implementation of the corrective actions recommended by our Office. All audits are posted on our website, at www.nassaucountyny.gov/Audits.

Given the importance of property assessment and exemptions from taxation to all residents and taxpayers, the issues raised in our audit and the multiple issues being discussed in public forums and debates concerning the assessment process, it is essential that the Office of the Comptroller continue to closely monitor policies and procedures of the Department of Assessment, the Assessment Review Commission and Small Claims Assessment Review.

My Office is currently conducting a review of the Procedures and Controls utilized by the Assessment Review Commission in reviewing residential Applications For Correction of Property Tax Assessment filed for or on behalf of individual taxpayers.

Please feel free to reach out to our *Report It Reform It* tip line at: ReportItReformIt@nassaucountyny.gov with any suggestions or questions that you might have.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jack Schnirman". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Honorable Jack Schnirman
Nassau County Comptroller

EXECUTIVE SUMMARY

INTRODUCTION

On May 2, 2019, the Nassau County Comptroller's Office released an audit of the Nassau County Department of Assessment Review of Property Tax Exemption Processing. The audit covered the period from tax year 2013/14 through tax year 2016. The objective of the review was: to ensure the Nassau County property tax exemption approval process is properly monitored by the Nassau County Department of Assessment (DoA); exemptions are granted only to qualifying properties; adequate documentation exists and is maintained to substantiate exemption qualifications; and to verify the tax roll is properly restored when exemptions terminate.

A copy of the Nassau County Department of Assessment Review of Property Tax Exemption Processing can be found online at the Comptroller's website [here](#).¹

Auditor Assessment of Progress Objectives and Methodology

Under a new policy implemented in 2018, the Comptroller's Office conducts a follow-up review of audits to ensure that the recommendations made are being implemented. Working with the Department of Assessment Exemption processing unit, and with limited follow-up analysis performed by the Auditors, we have prepared this status report.

- **The audit of the Department of Assessment Exemptions Processing unit contained ten audit findings, with 31 recommendations for corrective actions which can be taken directly by the Department of Assessment and a total of 34 overall recommendations.**
- **15 of the recommendations have had departmental corrective action taken and 14 are in the process of being implemented. This illustrates the Department of Assessment is working towards strengthening its internal controls to improve the Department's accuracy and efficiency and to decrease the risk for fraud, waste and abuse. Two recommendations have not been implemented.**

We commend the Department of Assessment for making positive strides toward implementing our recommendations and thank the staff for the courtesy extended to our Office during this review.

Summary of the Department of Assessment's Implementation of Audit Recommendations

Based on conversations with the Department of Assessment and the limited follow-up analysis performed by the Auditors, each of the 31 recommendations (where corrective action **can be taken directly by the Department of Assessment**) has been assessed by the Auditors as either Implemented (**Green**), In Process (**Yellow**), Not Implemented (**Red**).

See Exhibit I and Exhibit II on the next page for the breakdown of the stages of completion for the 31 recommendations.

¹ <https://www.nassaucountyny.gov/DocumentCenter/View/24186/Final-Report-> Nassau County Department of Assessment Review of Property Tax Exemption Processing.

EXECUTIVE SUMMARY

Exhibit I

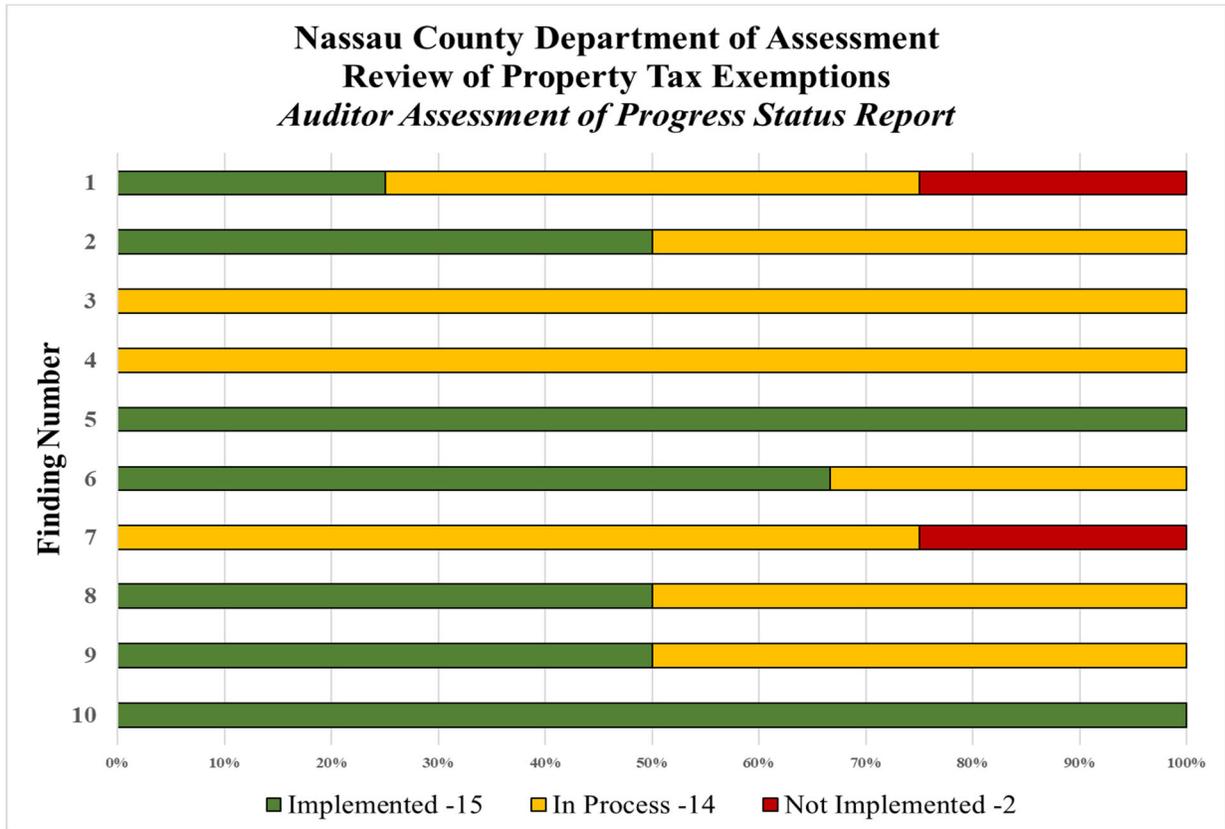


Exhibit II

Audit Follow Up				
Nassau County Department of Assessment Review of Property Tax Exemption Processing				
Summary of Department Implementation of Audit Recommendations				
Finding #	# Recommendations	Implemented ●	In Process ●	Not Implemented ●
1	4	1	2	1
2	6	3	3	0
3	1	0	1	0
4	1	0	1	0
5	2	2	0	0
6	3	2	1	0
7	4	0	3	1
8	4	2	2	0
9	2	1	1	0
10	4	4	0	0
Total	31	15	14	2
Stages of Completion		48.4%	45.2%	6.5%

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INTRODUCTION

Summary of Original Report Finding and Recommendations

The Nassau County Department of Assessment is responsible for developing fair and equitable assessments for all residential and commercial properties in Nassau County on an annual basis.

Property tax exemptions may exclude all or a portion of the property's assessed value from the tax base. When exemptions are improperly or falsely obtained, it is at the expense of other taxpayers.

Major Findings of the Original Report

The major findings of the original report included:

- The Department of Assessment Fails to Review Questionable Exemptions; Auditors Found 8,289 Veterans Exemptions, 17% of Those Approved, Did Not Have Service Dates in the Assessment Data System.
- Numerous Control Weaknesses Exist in the Department of Assessment and the "ADAPT" System, Increasing the Risk of Fraud.
- For Eight Years Nassau County Department of Assessment Was Not Managed by a New York State Certified Assessor as Required by the Nassau County Charter.
- Nassau County's Low Level of Assessment Percentage Leads to Disproportionate "Personally Owned Clergy Property" Exemptions, Removing an Excess of \$272 Million in Taxable Value Annually.
- The Department of Assessment Approved Tax Exemptions Received After the Taxable Status (Due) Date, in Some Cases Over Five Months Late, Which Can Result in Favoritism and Increasing the Tax Burden for Others.

Major Recommendations of the Original Report

The major recommendations of the original report included:

- Implement a one- time verification and update of all existing exemption categories that are not recertified annually, to ensure that all previously certified exemptions are still eligible and valid.
- Perform a systems audit to identify any unauthorized access and establish an appropriate level of controls in the computer system. Review all ADAPT computer system usernames and levels of access to assure that only authorized individuals have access and provide unique digital fingerprints to employees.
- The Department of Assessment should consult with the NY State Office of Real Property Tax Services to discuss the need for statutory changes to the personally owned clergy property tax exemption, to address the inadvertent granting of excessive exemptions.

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- Adhere to exemption application guidelines and deny applications received after the due date, barring “good cause” and adequately document any applications approved after established due dates.

Summary of Assessment of Audit Recommendations

Exhibit III (beginning on the next page) shows the summary of audit findings and recommendations. The recommendations have been individually color coded to denote the Auditors’ status assessment of each recommendation: Implemented (Green), In Process (Yellow), Not Implemented (Red), or Not Applicable (No Highlighting)².

² The three recommendations have not been evaluated with respect to the Department of Assessment in that the DoA cannot unilaterally implement these corrective actions.

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Exhibit III

Summary of Assessment of Audit Recommendations		
#	Audit Finding	Audit Recommendation(s)
1	<p>The Department of Assessment Fails to Review Questionable Exemptions; Auditors Found 8,289 Veterans Exemptions, 17% of Those Approved, Did Not Have Service Dates in the Assessment Data System</p>	<p>The Department of Assessment should:</p> <p>a) Obtain Social Security number and birth date with all future Exemption Applications;</p> <p>b) Arrange for a one-time verification and update of all existing Veteran Exemptions. Require the following be included for verification and be entered into ADAPT:</p> <ul style="list-style-type: none"> i. Birth date of Qualifying Taxpayer/Resident; ii. Social Security number of Qualifying Taxpayer/Resident; iii. Proof of Residency; iv. Proof of Ownership; and v. Relationship of Qualifying Taxpayer/Resident to the Veteran. <p>c) Implement a one-time system wide exemption verification for all exemption categories that are not recertified annually to ensure that all previously certified exemptions are still eligible and valid;</p> <p>d) Provide adequate staff training to assure that exemption applications are properly and consistently processed; and</p> <p>e) Explore options to periodically run collected social security numbers and birth dates against a Death Database to identify exemptions to be removed.</p>
2	<p>Numerous Control Weaknesses Exist in the Department of Assessment and the “ADAPT” System, Increasing the Risk of Fraud</p>	<p>The Department of Assessment should:</p> <p>a) Review all user access names and levels of access to assure that only authorized individuals have access to the ADAPT system, remove duplicate user access names which currently exist and implement a system to continuously remove individuals who lose authorization, i.e. leave the Department.</p> <p>b) Work with the Department of Information Technology to perform a systems audit, to identify any unauthorized access and establish an appropriate level of controls and role hierarchy in the ADAPT system.</p> <p>c) Develop and utilize Management Information System Reports and exception based monitoring to ensure all exemptions are properly entered, approved and monitored;</p> <p>d) Review all ADAPT user levels and identify a protocol to properly segregate users, and provide unique digital fingerprints for all individuals utilizing the system to ensure accountability;</p> <p>e) Develop procedures to ensure that information is accurately and consistently entered into the ADAPT system; and</p> <p>f) The County should adequately staff the Assessment Department with dedicated and knowledgeable information technology staff.</p>

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Summary of Assessment of Audit Recommendations		
#	Audit Finding	Audit Recommendation(s)
3	For Eight Years Nassau County Department of Assessment Was Not Managed by a New York State Certified Assessor as Required by the Nassau County Charter	<p>a) The County Executive & Legislature should take steps to modify the Nassau County Charter to be consistent with NYS Real Property Tax Law, which provides that assessors be appointed to a six-year term, not the three-year term in the Charter.</p> <p>b) All future County Executives should appoint only qualified individuals with proper certifications to be County Assessor.</p>
4	Nassau County’s Low Level of Assessment Percentage Leads to Disproportionate “Personally Owned Clergy Property” Exemptions, Removing an Excess of \$272 Million in Taxable Value Annually	The Nassau County Department of Assessment should pursue this issue with the NYS Office of Real Property Tax Services and discuss the need for statutory changes of the Exemption for real property owned by a member of the clergy, so that the exemption is based on a percentage of Assessed Value instead of a set dollar cap.
5	The Department of Assessment Approved Tax Exemptions Received After the Taxable Status (Due) Date, in Some Cases Over Five Months Late, Which Can Result in Favoritism and Increasing the Tax Burden for Others	<p>The Department of Assessment should:</p> <p>a) adhere to application guidelines and deny applications received after the due date, barring acceptable legitimate reasons; and</p> <p>b) adequately document files and retain supporting documentation for those applications that have acceptable reasons and are legitimately accepted even though they were received after the statutory due date.</p>
6	The Auditor’s Sample Test Indicated that 29% of Approved Senior Citizen Exemptions Should Have Been Rejected Based on Miscalculations of Income or Missing Documentation	<p>The Department of Assessment should:</p> <p>a) verify all income and expenses reported on all Tax Exemption applications to proper supporting documentation;</p> <p>b) implement supervisory procedures to ensure that all supporting documentation is received and reviewed prior to approval; and</p> <p>c) develop a standard worksheet for application reviewers that provides consistency with respect to determining income.</p>

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Summary of Assessment of Audit Recommendations		
#	Audit Finding	Audit Recommendation(s)
7	<p>The Department of Assessment Did Not Recover 85% of Ineligible Exemptions Received By Estates and are Allowing Some Exemptions to Continue Under the New Owners</p>	<p>a) The Department of Assessment should explore the benefits of creating a standard “Tax Exemption Restoration Affidavit” to be filed upon each property sale/transfer as a requirement before a deed can be recorded.</p> <ul style="list-style-type: none"> • The affidavit should require the parties to the transaction identify all property exemptions, recover invalid prior and current year prorated exemptions, and remit appropriate funds to the County. This should detail invalid exemptions received by the Estate. This will ensure that invalid exemptions are recovered and collected; • A copy of the Affidavit be forwarded to the Department of Assessment and procedures developed to ensure timely review and removal of the exemptions and full restoration of taxes for current and subsequent tax years; <p>b) Assessment should require annual verification of Veteran Exemptions;</p> <p>c) Assessment should require social security numbers be provided with the application and annual verification for all Exemption types that have a primary residence criteria;</p> <p>d) Assessment should create and implement procedures to use social security numbers to ensure that property owners do not receive exemptions on more than one property for those exemptions with primary residence requirements; and</p> <p>e) Nassau County should explore the potential benefits of creating and requiring the filing of a ‘Change of Ownership Statement’ and should create procedures to review and remove all related exemptions ensuring that invalid exemptions are removed timely.</p>
8	<p>The Department of Assessment’s Exemption Counts are Inconsistent with NYS Counts and Some Exemptions are Invalidly Coded</p>	<p>The new Assessor should:</p> <p>a) Identify and review the invalidly coded exemptions to determine if they were legitimate exemptions;</p> <p>b) Ensure procedures are in place for the Department of Assessment to address any exemptions that New York State lists as “not properly coded” in the future;</p> <p>c) Review and reconcile the differences in exemption counts reported to New York State for past years; and</p> <p>d) Implement accountability in the computer system for coding exemptions (i.e. those granting exemptions leave a digital fingerprint) or prevent the system from allowing a code that is not a valid NYS code.</p>

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Summary of Assessment of Audit Recommendations		
#	Audit Finding	Audit Recommendation(s)
9	Nassau County is Not in Compliance with NYS Regulations Requiring an Exemption Impact Report be Attached to the County Preliminary Budget and Does Not Report Adequate County Performance Measures	<p>The Department of Assessment should:</p> <p>a) review NYS reporting requirements and develop procedures to ensure that they are in compliance and remain compliant moving forward, and</p> <p>b) identify and review potential performance measures that can be tracked to help perform departmental work more efficiently, such as the number of exemptions applied for, and disclose the results to the public.</p>
10	The Department of Assessment Does Not Maintain Adequate Procedures and Auditors Found that Income on Senior Exemptions were Calculated Differently by Different Employees	<p>The Department of Assessment should:</p> <p>a) Update and/or create operating procedures for all the various exemption types used in Nassau County; and</p> <p>b) Assemble all procedures in one reference manual, copies of which should be provided to each unit supervisor.</p> <p>c) Provide adequate training to staff on policies and procedures to assure that exemption applications are properly and consistently processed.</p> <p>d) Implement a procedure to review and approve procedures on an annual basis.</p>

AUDITOR FOLLOW-UP ASSESSMENT OF PROGRESS

Auditor Assessment of Recommendation Implementation Progress

This section provides details on the audit report findings, recommendations, progress reports from the Nassau County Department of Assessment Review of Property Tax Exemption Processing and the Auditors' analysis of the recommendation implementation. The recommendation implementation status also includes a color-coded bullet to indicate its progress.

Finding 1 Title	The Department of Assessment Fails to Review Questionable Exemptions; Auditors Found 8,289 Veterans Exemptions, 17% of Those Approved, Did Not Have Service Dates in the Assessment Data System
Finding 1 Recommendations	<p>The Department of Assessment should:</p> <p>a). Obtain Social Security number and birth date with all future Exemption Applications;</p> <p>b). Arrange for a one-time verification and update of all existing Veteran Exemptions. Require the following be included for verification and be entered into ADAPT:</p> <ul style="list-style-type: none"> • Birth date of Qualifying Taxpayer/Resident; • Social Security number of Qualifying Taxpayer/Resident; • Proof of Residency; • Proof of Ownership; and • Relationship of Qualifying Taxpayer/Resident to the Veteran. <p>c). Implement a one-time system wide exemption verification for all exemption categories that are not recertified annually to ensure that all previously certified exemptions are still eligible and valid;</p> <p>d). Provide adequate staff training to assure that exemption applications are properly and consistently processed; and</p> <p>e). Explore options to periodically run collected social security numbers and birth dates against a Death Database to identify exemptions to be removed.</p>
Department of Assessment's Response to May 2, 2019 Report	<i>a) "In order to be considered for a veteran's exemption, applicants must complete a New York State Department of Taxation and Finance, Office of Real Property Tax Services (ORPTS) Form RP-458-a or RP-458-b. The Department of Assessment (DoA) will consult with NYS ORPTS to update the application forms to collect such information from future applicants. In the meantime, DoA will collect information</i>

AUDITOR FOLLOW-UP ASSESSMENT OF PROGRESS

	<p><i>for existing veterans when it conducts a biennial collection of information, as described in response 1.b.”</i></p> <p><i>a) &c) “Veterans that have been previously approved to receive exemptions are not required to re-apply for nor re-certify their current exemption status. DoA will conduct the first biennial collection of information in stages. The first stage will target the oldest of veterans receiving the Eligible Fund (RPTL § 458) veteran exemption. The next stage will request information for the Alternative Veterans (RPTL § 458-a) who have been receiving the exemption for over five years. All other veterans who qualify for and receive real property tax exemptions will receive requests for information every 2 years. DoA will request information such as proof of residency, proof of ownership, and relationship to the qualified veteran. As previously mentioned, DoA will consult with ORPTS to determine feasibility of requesting social security numbers and birth dates during the biennial verification process. If individual veteran taxpayers do not respond to the request for information letters nor provide the requested information, DoA will further investigate the qualifications of the taxpayers. DoA will begin collecting information for the Eligible Fund Veteran and Alternative Veterans during the second quarter, 2019. Requests for information for all other veterans will be completed in 2020.”</i></p> <p><i>d) “DoA will schedule and deliver a “refresher” training to all existing Exemptions Division personnel sometime before the end of the third quarter, 2019. DoA will also ensure that for all future new hires, exemptions training is included as part of the “onboarding” process. Additionally, DoA will provide annual training to review process and local law statutory changes. Annual training will occur every third quarter of each year.”</i></p> <p><i>e) “DoA will review supplementary methods to obtain the “date of death” of deceased taxpayers whose property is still benefiting from the taxpayers’ exemption status. The DoA will investigate available options for implementation before year end, 2019. Lastly, DoA will review with IT and the County Attorney’s Office the required measures to social security numbers within our departmental records.”</i></p>
<p>Auditors’ Follow-Up Comments</p>	<p>We are pleased with Assessment’s response to our recommendations a) through e) and encourage them to implement the Verification Process referred to in their response including:</p> <ul style="list-style-type: none"> ● consult with New York State Office of Real Property Tax Services to update the application forms and collect information for existing veterans exemptions upon its biennial collection of information; ● conduct a biennial collection of information including proof of residency, proof of ownership, and relationship to the qualified

Follow-Up of

Nassau County Department of Assessment Review of Property Tax Exemption Processing

AUDITOR FOLLOW-UP ASSESSMENT OF PROGRESS

	<p>veteran to ensure non-recertified veteran exemptions continue to qualify by meeting standard qualification requirements; consult with ORPTS to determine feasibility of requesting social security numbers and birth dates during the biennial verification process; and further investigate the qualifications of the taxpayers that do not respond to the request for information letters nor provide the requested information;</p> <ul style="list-style-type: none"> • schedule and deliver “refresher” training to all existing Exemptions Division personnel; and • review supplementary methods to obtain the “date of death” of deceased taxpayers whose property is still benefiting from the taxpayers’ exemption status. <p>We reiterate the need for a one-time system wide verification of all exemption categories that are not recertified annually to ensure that all previously certified exemptions are still eligible and valid, not just for Veterans Exemptions.</p>
<p>Department of Assessment’s Response to Audit Follow-Up</p>	<p><i>1.a) 12/27/19 - “DoA is in the process of getting the first biennial collection of information letter approved. This letter should be ready for stage 1 mailing (the RPTL §458 Veterans Exemption) by March 31, 2020. Additionally, the next stage will request information from the Alternative Veterans who have been receiving the exemption for over five year. This information should be collected by the end of the 3rd quarter 2020 (September 30, 2020). In the interim, DoA is in the process of consulting with ORPTS to determine the feasibility of requesting social security numbers and birth dates.”</i></p> <p><i>08/06/20 – “On May 1st, 2020 letter for support was mailed out to the 8,289 veterans noted in the audit, DoA received 5,887 responses. Another letter will be sent out in September 2020. While processing the responses, 100 exemptions were removed.”</i></p> <p><i>1.b & c) “See comment in 1a.”</i></p> <p><i>1.d) 12/27/19 - “DoA is in the process of finalizing the syllabus for Exemptions training for all existing and new Exemption Division personnel, which follows ORPTS’s best practices and recommended procedures. This will be completed by the end of the first quarter of 2020 (March 31, 2020) and regular trainings will then begin on an annual basis, with refresher training courses provided as needed. In 2019, a special project’s training for the Taxpayer Protection Plan which included Customer Service Training was provided to over 50 members of the DoA staff. See attached for training materials.”</i></p>

AUDITOR FOLLOW-UP ASSESSMENT OF PROGRESS

	<p>08/06/20 – <i>“An Exemption Training Manual was finalized to be presented to staff in a training session by September 30, 2020. Attendance will be documented and retained by the Fiscal Unit.”</i></p> <p>1.e) 12/27/19 - <i>“DoA continues to review supplementary methods to obtain the date of death of deceased taxpayers whose property is still benefitting from the taxpayer’s exemption status. DoA hopes to finalize and implement this practice by the end of the first quarter of 2020, March 31, 2020. Lastly, DoA continues to work with both IT and the County Attorney’s Office to develop the best practices for maintaining and securing property owner’s personal information such as Social Security numbers.”</i></p> <p>08/06/20 – <i>“County Assessor got access to death files on January 14th, 2020 and assigned personnel is going through these files to see if any exemptions need to be removed. Unfortunately, the files don't indicate any survivors at the property or allow us to research by individual names. These files are checked twice a year (just before the school bill and before general bill) after all changes to the roll have been made. Any exceptions are further researched by Exemption Division.”</i></p>
<p>Post Audit Follow-Up Analysis</p>	<p>Based on the Auditors review of the DoA’s responses to the follow up, it appears a biennial collection of data has begun which will assist with validating current Veterans Exemptions. A review of the DoA Exempt Training Manual provided by DoA on October 28, 2020 was a draft as of August 2020.</p>
<p>Auditor Assessment of Progress</p>	<p>1.a) The DoA stated that they do not have the authority to add social security numbers and date of birth to applications since this is a New York State application. Since corrective action could not be taken directly by the DoA, this recommendation was not color coded.</p> <p>● 1.b) The DoA agreed to collect additional information from Veterans that have already been approved to receive exemptions, in three separate stages. The first stage of the biennial collection of data began on May 1, 2020 and all stages were expected to be completed by September 30, 2020. There was no update to this in the 10/28/20 document received from DoA.</p> <p>● 1.c) The DoA did not address the recommendation to perform a one- time system wide verification for all exemptions not just Veterans. We stand by our recommendation and reiterate the need for a one-time system wide exemption verification for all exemption categories that are not recertified annually to ensure that all previously certified exemptions are still eligible. As of the 10/28/20 update provided by DoA, the target date of 9/30/20 for implementing this has not been met.</p>

AUDITOR FOLLOW-UP ASSESSMENT OF PROGRESS

	<ul style="list-style-type: none"> ● 1.d) It appears that the DoA provided a special training to DoA staff in 2019 and, as part of their follow up, provided a draft syllabus for Exemptions training for all existing and new Exemption Division personnel. DoA also provided the Auditors with Standard Operating Procedures for most exemption categories. ● 1.e) Although the DoA obtained access to death files on January 14, 2020 and are in the process of reviewing the files to determine if any exemptions need to be removed, the DoA stated in their response that these files do not provide enough information to make such a determination. We recommend that the DoA continue to explore options to obtain the additional data necessary to identify exemptions that should be removed.
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Finding 2 Title	Numerous Control Weaknesses Exist in the Department of Assessment and the “ADAPT” System, Increasing the Risk of Fraud
Finding 2 Recommendations	<p>The Department of Assessment should:</p> <ul style="list-style-type: none"> a). Review all user access names and levels of access to assure that only authorized individuals have access to the ADAPT system, remove duplicate user access names which currently exist and implement a system to continuously remove individuals who lose authorization, i.e. leave the Department. b). Work with the Department of Information Technology to perform a systems audit, to identify any unauthorized access and establish an appropriate level of controls and role hierarchy in the ADAPT system. c). Develop and utilize Management Information System Reports and exception-based monitoring to ensure all exemptions are properly entered, approved and monitored; d). Review all ADAPT user levels and identify a protocol to properly segregate users, and provide unique digital fingerprints for all individuals utilizing the system to ensure accountability; e). Develop procedures to ensure that information is accurately and consistently entered into the ADAPT system; and f). The County should adequately staff the Assessment Department with dedicated and knowledgeable information technology staff.

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<p>Department of Assessment's response to May 2, 2019 Report</p>	<p>a) <i>"DoA will conduct a comprehensive review of all individuals that have access to the ADAPT system and ensure that access levels are appropriate and in line with job duties. Access will be restricted for existing employees if deemed necessary or removed for former employees. Secondly, DoA will require division supervisors to complete and authorize new ADAPT user access forms for newly hired employees. Lastly, DoA plans to review ADAPT access rights for all employees three times per year, coinciding with important annual tax year events - tax status date, the finalization of rolls, and the production of the tax warrants. The supervisor of each division will certify or request changes to the access levels of their subordinates."</i></p> <p>b) <i>"DoA will work with the Department of Information Technology (IT) and the Department's internal technology staff to establish systems audit plan to perform yearly. Systems audits will occur every year during the third quarter."</i></p> <p>c) <i>"DoA is currently working with IT to develop an internal management information database and anticipates it being rolled out before the end of year, 2019."</i></p> <p>d) <i>"DoA will work with IT to revisit ADAPT user levels and if needed, require the software vendor to strengthen the system's user audit trails. Follow up with IT and the software vendor will commence in the third quarter, 2019."</i></p> <p>e) <i>"The Quality Assurance Unit (QAU) will be documenting exemption process procedures and expect to be completed by year end, 2019. During this process, QAU will ensure that it documents the accurate and consistent data entry into ADAP"</i></p> <p>f) <i>"DoA and IT has hired several staff members with strong technology skills and plans to continue to hire 2 additional employees thru end of year, 2019."</i></p>
<p>Auditors' Follow-Up Comments</p>	<p>We are pleased with Assessment's response to our recommendations a) through f) and encourage Assessment to:</p> <ul style="list-style-type: none"> • conduct a comprehensive review of access levels in the ADAPT system and to implement supervisory reviews and certifications; • work with the Department of Information Technology to establish an annual audit plan, develop an internal management information database and revisit ADAPT user levels to strengthen the system's user audit trials;

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	<ul style="list-style-type: none"> • work with the County Executive’s Quality Assurance Unit to document exemption process procedures; and • continue to hire additional knowledgeable information technology staff.
<p>Department of Assessment’s Response to Audit Follow-Up</p>	<p>2.a) 12/27/19 - <i>“DoA has conducted an initial review of users and current levels of authorization. DoA removed users no longer with the DoA and modified authorizations based on current job responsibility. DoA is finalizing a policy review process that each Departmental Supervisor will need to update and report on a quarterly. The first formal review by Supervisors will be completed by the end of the first trimester of 2020, April 30.”</i></p> <p>08/06/20 - <i>“The audit of ADAPT roles is currently in progress for the entire department, not just exemption. As soon as the initial review and recommendations are completed then each supervisor will be asked to review the list for their personnel and indicate changes. DoA is in the process of developing an ADAPT role acknowledge form that will be completed annually. This form will be completed by 12/31/2020.”</i></p> <p>2.b) 12/27/19 - <i>“DoA, continues to work with the Department of Information Technology and DoA’s internal technology staff to finalize the audit plan to be performed yearly. The first formal Audit will be done by the end of the third quarter of 2020, September 30,2020.”</i></p> <p>08/06/20 – <i>“We are on target to meet this deadline.”</i></p> <p>2.c) 12/27/19 - <i>“DoA will work with IT to commence the development of an internal exemption information management application in the first quarter, March 31, 2020, which shall be completed by December 31, 2020.”</i></p> <p>08/06/20 – <i>“We are on target to meet this deadline.”</i></p> <p>2.d) 12/27/19 - <i>“DoA continues to work with IT reviewing current ADAPT user roles. With IT’s help we are in contact with the software vendor to update applications used by our DoA staff which includes enhanced user reporting and reviews on a supervisory level. Since the vendor is writing these changes based on our specific needs, with updates made after testing we have a goal of rolling out the updated application sometime in 2020.”</i></p> <p>2.e) 12/27/19 - <i>“The Quality Assurance Unit (QAU) continues to document the Exemption Process. QAU is documenting each available Exemption individually, detailing the various eligibility criteria for</i></p>

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	<p><i>each exemption. Recordation of the detailed criteria for the senior and veterans exemption shall be completed, completed by the end of the first quarter, March 31, 2020;”</i></p> <p><i>04/19/20 – “Procedures have been completed for the following exemptions: Fire Fighter Ambulance Worker, First Time Homebuyer, Application Intake, Low Income Disability, Senior Citizen, STAR and Enhanced STAR, and Veterans.”</i></p> <p><i>2.f) 12/27/19 - “DoA has strengthened the internal IT staff with internal transfers of key personnel and continues to search for qualified candidates based upon departmental needs. DoA already hired one employee and continues to search for other qualified candidates.”</i></p>
<p>Post Audit Follow-Up Analysis</p>	<p>In a February 11, 2020 memo to the County Assessor, Auditors requested a brief status of Exemption types for which procedures have been completed and those exemption types that are still in process. For those procedures that have been completed, Auditors requested a copy of procedures. On October 28, 2020, the Auditors were provided with the following:</p> <ul style="list-style-type: none"> • ADAPT User Access Audit Procedures as of August 2020. • Excel spreadsheet of the DoA Hires as of August 2020. <p>“The DoA also stated that the Exemption procedures are too many to include. Can be found in OMB QAU [Quality Assurance Unit] shared directory. A copy of Procedures has been provided to Comptrollers.”</p>
<p>Auditor Assessment of Progress</p>	<ul style="list-style-type: none"> ● 2.a) We are pleased our recommendation appears to have been implemented. DoA conducted an initial review of users and current levels of authorization. Quarterly reviews by supervisors were scheduled to be completed. ● 2.b) The DoA indicated in their response that this review would be completed by 9/30/20, however, there was no further update in the 10/28/20 response received from DoA. ● 2.c) It appears the DoA is in the process of working with IT to develop an internal exemption information management application to be completed by year end 2020. In the 10/28/20 update, DoA indicated this would be completed by 12/31/2020. ● 2.d) We are pleased that DoA has been working with I.T. to review and update ADAPT user roles. It appears the DoA is in the process of working with a software vendor to update applications used by DoA

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	<p>staff. In the 10/28/20 response received from DoA, a target date of 12/31/20 was indicated for this update. We do not have any assurance that this has been accomplished.</p> <ul style="list-style-type: none"> ● 2.e) The Auditors requested and received a set of Standard Operating Procedures that the Quality Assurance Unit prepared to document the Exemption Process for each individual exemption detailing the various eligibility criteria for each exemption. ● 2.f) We are pleased that the DoA has implemented these recommendations by increasing their staffing and is continuing to search for other qualified candidates.
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Finding 3 Title	For Eight Years Nassau County Department of Assessment Was Not Managed by a New York State Certified Assessor as Required by the Nassau County Charter
Finding 3 Recommendations	<p>a). The County Executive & Legislature should take steps to modify the Nassau County Charter to be consistent with NYS Real Property Tax Law, which provides that assessors be appointed to a six-year term, not the three-year term in the Charter.</p> <p>b). All future County Executives should appoint only qualified individuals with proper certifications to be County Assessor.</p>
Department of Assessment's response to May 2, 2019 Report	<p>a) <i>"Under Real Property Tax Law § 334 (2), the County is not obligated to abide by § 310, wherein the term for a local municipality's appointed assessor is fixed at six years. Although the County has the ability to amend the Nassau County Charter to modify the term for the County Assessor to be a six-year term, DoA will leave such considerations to the County Administration."</i></p> <p>b) <i>"The current County Assessor, David Moog is a qualified assessor under the Real Property Tax Law and 20 NYCRR § 8188-2.2."</i></p>
Auditors' Follow-Up Comments	<p>a) We reiterate that the County Executive and the Legislature should review New York State Real Property Tax Law Article 3, Title 2 to adopt a six-year term and qualifications for the current and future assessors to include in the County Charter.</p> <p>b) We are pleased that the County Executive has appointed a qualified Assessor who was approved by the Legislature.</p>

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<p>Department of Assessment's Response to Audit Follow-Up</p>	<p>3.a) 12/27/19 - <i>“Under Property Tax Law §334 (2), the County is not obligated to abide by § 310, wherein the term for a local municipality’s Assessor is fixed at six years. Although the County has the ability to amend the Nassau County Charter to modify the term for the County Assessor to be a six-year term, DoA will leave such consideration to the County Administration.”</i></p> <p>08/06/20 – <i>“DoA respectfully requests the Comptroller's Office to look into why the term for the appointed assessor was changed from six years to three years. Cutting the assessor's term by half for the largest taxing jurisdiction in the state does not make for best practices.”</i></p> <p>3.b) 12/27/19 - <i>“Already implemented as stated in the Auditee’s response to the audit. “</i></p>
<p>Post Audit Follow-Up Analysis</p>	<p>The County Administration has appointed a certified Assessor. The DoA has not requested that the Administration/County Legislature amend the County Charter to modify the term of the Assessor although they acknowledge it is an option.</p>
<p>Auditor Assessment of Progress</p>	<p>3.a) The DoA cannot make this change unilaterally. Therefore, this recommendation was not color coded by the Auditors.</p> <p>● 3.b) The County Executive’s Office has requested that the Legislature approve the County Executive’s appointment of a new Assessor who is legally qualified to perform these duties.</p>

<p>Finding 4 Title</p>	<p>Nassau County’s Low Level of Assessment Percentage Leads to Disproportionate “Personally Owned Clergy Property” Exemptions, Removing an Excess of \$272 Million in Taxable Value Annually</p>
<p>Finding 4 Recommendations</p>	<p>The Nassau County Department of Assessment should pursue this issue with the NYS Office of Real Property Tax Services and discuss the need for statutory changes of the Exemption for real property owned by a member of the clergy, so that the exemption is based on a percentage of Assessed Value instead of a set dollar cap.</p>
<p>Department of Assessment’s Response to May 2, 2019 Report</p>	<p><i>“DoA, the Office of the County Executive, and the Office of the County Attorney have and will continue to discuss modifications to state and local laws that will positively affect the County’s assessment system and its residents. The aforesaid offices will examine the merits and effects of the County Comptroller’s recommendations and consider</i></p>

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	<i>engaging the State Legislature and the County Legislature regarding this issue.”</i>
Auditors’ Follow-Up Comments	We reiterate the need for statutory changes of the Exemption for personally owned clergy property, or that a waiver is sought from NYS ORPTS to be adopted for Nassau County so that the exemption is based on a percentage of Assessed Value instead of a set dollar cap.
Department of Assessment’s Response to Audit Follow-Up	<i>12/27/19 - “As stated earlier, DoA, the Office of the County Executive, and the Office of the County Attorney have and will continue to discuss modifications to state and local laws that will positively affect the County Assessment system and its residents. The aforesaid offices will examine the merits and effects of the County Comptroller’s recommendations and consider engaging the State Legislature and County Legislature regarding this issue. However, the County has no statutory authority to change the Real Property Tax Law.”</i>
Post Audit Follow-Up Analysis	The Auditee states they do not have the statutory authority to change Real Property Tax Law, however, they acknowledge they can engage the State Legislature regarding this issue and are willing to discuss modifications that will positively affect the County Assessment System. At this time, we have been informed by the DoA, there have been no requests for modifications to state and local laws regarding the exemption for personally owned clergy property.
Auditor Assessment of Progress	● 4) Although the DoA contends they have no statutory authority to change NYS Real Property Tax Law, we reiterate the need for statutory changes of the exemption for personally owned clergy property, or request that a waiver be sought from NYS ORPTS to be adopted for Nassau County so that the exemption is based on a percentage of Assessed Value instead of a set dollar cap.

Finding 5 Title	The Department of Assessment Approved Tax Exemptions Received After the Taxable Status (Due) Date, in Some Cases Over Five Months Late, Which Can Result in Favoritism and Increasing the Tax Burden for Others.
Finding 5 Recommendations	The Department of Assessment should: a). adhere to application guidelines and deny applications received after the due date, barring acceptable legitimate reasons; and

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	<p>b). adequately document files and retain supporting documentation for those applications that have acceptable reasons and are legitimately accepted even though they were received after the statutory due date.</p>
<p>Department of Assessment's Response to May 2, 2019 Report</p>	<p>a) <i>"With the change in DoA administration and the appointment of a new Exemptions Division supervisor, DoA will adhere to the Real Property Tax Law and guidelines set forth by the ORPTS. Starting in the 2nd Quarter, 2019, DoA will improve its customer servicing by expanding its efforts to educate exemption applicants of the application deadlines and the required information and documentation needed. The DoA will revisit and post clearly written information on the www.AskTheAssessor.gov and www.nassaucountyny.gov websites, attend community meetings and target mailings. Rather than wait to send out in one mass mailing of application approvals before April 1st, application approvals will be mailed as decisions are made throughout the year. This will help to put applicants' minds at ease. DoA will continue to correspond with those applicants that have not provided the appropriate information so that the applications can be approved timely. All plans described will be executed with the goal of ensure that exemption applicants submit applications in a timely, accurate and complete manner."</i></p> <p>b) <i>"Under Local Law No. 17-2018, DoA has the legal authority to accept and process Senior Citizen Real Property Tax Exemption renewal applications after the application deadline if the applicant demonstrates that they missed the filing deadline for "good cause". DoA will review the causes for delinquency on a committee basis and adequately document the resulting decisions."</i></p>
<p>Auditors' Follow-Up Comments</p>	<p>We are pleased with Assessment's response to our recommendations to adhere to application deadlines.</p> <p>We reiterate that documentation should be retained to support the validity of accepting applications after the deadline.</p>
<p>Department of Assessment's Response to Audit Follow-Up</p>	<p>5.a) 12/27/19 - <i>"During 2019, DoA scheduled exemption workshops to educate and support property owners, expanded customer service hours for Assessment Assistance, delivered additional reminder letters for non-responsive potential senior exemption renewal applicants, and sent timely letters for status updates., DoA will continue its outreach efforts."</i></p> <p>b) 12/27/19 - <i>"We stand by our original response. DoA has set up a committee that meets to review all Good Cause Applications (These applications are reviewed first for the reason that they were late (eg. medical or familial). If the committee finds that "good cause" burden</i></p>

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	<p><i>is not met by the applicant, then the application is rejected. If the committee finds that the applicant did have “good cause” for not filing timely, then the application is reviewed, using the criteria set forth in Section 467 of the Real Property Tax Law. The committee documents and records all good cause letters and applications received. The committee schedules meetings as needed.”</i></p>
Post Audit Follow-Up Analysis	<p>The Auditors requested and received from DoA samples of potential non-responsive senior exemption letters. The DoA has also indicated that they have established a committee of three individuals who will act as the Good Cause Committee to review applications submitted late. Auditors requested examples of Good Cause Letters, however, due to the COVID-19 pandemic, DoA was unable to provide such examples with their response to the follow up request, since the employees who would have access to these files were not in the office at the time.</p> <p>On October 28, 2020, the DoA provided the Auditors with a set of procedures, dated August 2020, for the Good Cause Committee to follow in making their determinations and a spreadsheet demonstrating the decision/activity of the Good Cause Committee for the 2020/2021 Tax Year.</p>
Auditor Assessment of Progress	<ul style="list-style-type: none"> ● 5.a) We are pleased that the DoA has increased outreach efforts to educate property owners of the deadlines for filing exemption applications. ● 5.b) We are pleased that the DoA has set up a committee to review late applications and only accept those applications filed late with “good cause”. All documentation evidencing good cause should be retained.

Finding 6 Title	The Auditor’s Sample Test Indicated that 29% of Approved Senior Citizen Exemptions Should Have Been Rejected Based on Miscalculations of Income or Missing Documentation
Finding 6 Recommendations	<p>The Department of Assessment should:</p> <ul style="list-style-type: none"> a). verify all income and expenses reported on all Tax Exemption applications to proper supporting documentation;

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	<p>b). implement supervisory procedures to ensure that all supporting documentation is received and reviewed prior to approval; and</p> <p>c). develop a standard worksheet for application reviewers that provides consistency with respect to determining income.</p>
<p>Department of Assessment's Response to May 2, 2019 Report</p>	<p>a) <i>"DoA currently verifies and reviews all incomes and expenses reported on exemption applications for compliance with state guidelines. DoA plans to strengthen its documentation verification process by working with IT to develop an application that allows for the entering and automated calculation of income and expense data information onto an electronic worksheet. The application will capture the name of the exemption employee and his/her decision to approve / disallow exemption will require an electronic approval by a supervisor. Initial exemption employee data will be captured and a supervisor will be required to review the electronic worksheet as well as supporting hard copy documentation before electronically signing off/ approving the exemption decision. IT is currently developing the application and expects to be completed by the end of the third quarter, 2019."</i></p> <p>b) <i>"To ensure that County residents are aware of all available and applicable exemptions and that applicants submit all required documentation, DoA will be increasing outreach efforts. Detailed plans were mention in Response 5a. Currently, DoA has identified approximately ten to fifteen community sites to hold presentations informing residents of available exemptions and requirements. DoA plans to hold these types of meetings before the end of the third quarter, 2019 and every year thereafter. Concerning the review of applications, the County Assessor, at the inception of his term, employed a new supervisor with legal background, to oversee the administration and compliance of exemptions processing. This division had previously been unsupervised in the years prior to the current County Assessor's appointment."</i></p> <p>c) <i>"As previously mentioned in 6.a, IT is currently developing the application and expects to be completed by the end of the third quarter, 2019."</i></p>
<p>Auditors' Follow-Up Comments</p>	<p>a) We accept Assessment's methodology to develop a new electronic worksheet, as well as requiring supporting hard copy documentation, before electronically approving the exemptions.</p> <p>b) We are encouraged by Assessment's plans to increase community outreach informing residents of available exemptions.</p> <p>c) We are encouraged by the recent appointment of a new supervisor with legal background to oversee the administration and compliance of</p>

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	<p>the exemption process that was previously unsupervised in the years prior to this appointment.</p>
<p>Department of Assessment's Response to Audit Follow-Up</p>	<p>6.a) 12/27/19 - <i>“We stand by our original response. Each Senior Exemption application becomes a package. The Senior Exemption renewal form and the first-time Senior Exemption application form lists all documentation that is required. Each member of the Exemption staff adheres to the listed documents that are required. When missing, a Pending letter is sent to the Senior applicant describing the documents required to complete the evaluation process for eligibility. Completed applications are reviewed by an Exemptions Supervisor with a letter of acceptance or rejection sent to the applicant once the process is complete. In addition, IT is developing an application that will be used by DoA Exemptions Unit to review Senior and Limited Income and Disabilities applications. It is still being tested, and the goal is to begin utilizing the application for the 2020 Exemptions process.”</i></p> <p>04/17/20 - <i>“The Senior Workup application has been developed and is being used to process all the Good Cause applications until which time the regular applications are receive for the next tax year (Aug 2020). At that time, this application will be used exclusively for all Senior and LID workups. We anticipate no issues regarding the full usage of this Senior Workup form for the upcoming exemption season. Once the processing is completed for the 21/22 exemption year, an electronic copy will be sent to ARC for their use with the processing of AR3's. This will give them the opportunity to see each of the specific entries by the processor and the items submitted by the Senior.”</i></p> <p>08/06/20 – <i>“Current senior application is a worksheet to determine income and DoA is working on implementing other phases to the senior exemption application.”</i></p> <p>6.b) 12/27/19 - <i>“The Department of Assessment with the support of the County Executive's Office, had 38 separate Exemption Workshops throughout Nassau County. The purpose of these workshops was to support the applicants, by answering questions and helping to fill out the Exemption Forms. In addition, DoA expanded the hours of support at 240 Old Country Road and started offering Saturday hours to better support Property owners and the Exemptions process. The County Assessor will meet with staff in January to create the Calendar for Out-Reach Support and Special off hours of Assessment Assistance at 240 Old country Road.”</i></p> <p>08/06/20 – <i>“The historical public community outreach program has been suspended due to COVID for the 2020 calendar year. Alternative</i></p>

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	<p><i>community outreach program is being approved by the Executive Office.”</i></p> <p><i>6.c) 12/27/19 - We stand by our original answer and continue to expand the staff to adequately handle the volume of exemption applications. Coupled with consistent training and retraining on any changes to the exemption requirements will ensure that applications are processed correctly and in a timely manner.</i></p> <p><i>08/06/20 – “We are on target to have our staff trained by the CAP date.” The CAP date shown on the follow-up was 09/30/20</i></p>
<p>Post Audit Follow-Up Analysis</p>	<p>In their response to the original audit, the DoA responded that the estimated timeframe for completion of this application was the third quarter of 2019. Auditors requested, during their follow up review, evidence of completion of this new application.</p> <p>The DoA responded, in their response to our follow up, that a Senior Work Up Form has been developed to assist with the calculation of income and expenses for Senior and Low-Income Disability Exemptions. This work sheet is being used to process all Good Cause Applications until the regular applications are received for the next tax year (August 2020).</p>
<p>Auditor Assessment of Progress</p>	<ul style="list-style-type: none"> ● 6.a) Based on the information provided to us by the DoA in their March 25, 2020 response to our follow up questions, it appears that a new Senior Work Up Form has been developed and is being used to process all Good Cause Applications until all regular Senior and Low Income Disability applications are received for the next tax year (August 2020). ● 6.b) Based on the Standard Operating Procedure for the Senior Citizen Exemption provided to us on April 15, 2020, it appears there is a processor and a reviewer who work on the Senior Citizen Exemption application. ● 6.c) In the 10/28/20 update provide by DoA, the target date for this implementation was 9/30/20. We have no assurance, that this was completed.

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Finding 7 Title	The Department of Assessment Did Not Recover 85% of Ineligible Exemptions Received By Estates and are Allowing Some Exemptions to Continue Under the New Owners
Finding 7 Recommendations	<p>a) The Department of Assessment should explore the benefits of creating a standard “Tax Exemption Restoration Affidavit” to be filed upon each property sale/transfer as a requirement before a deed can be recorded.</p> <ul style="list-style-type: none"> • The affidavit should require the parties to the transaction identify all property exemptions, recover invalid prior and current year prorated exemptions, and remit appropriate funds to the County. This should detail invalid exemptions received by the Estate. This will ensure that invalid exemptions are recovered and collected • A copy of the Affidavit be forwarded to the Department of Assessment and procedures developed to ensure timely review and removal of the exemptions and full restoration of taxes for current and subsequent tax years; Wording cut and pasted verbatim from original report. <p>b) Assessment should require annual verification of Veteran Exemptions;</p> <p>c) Assessment should require social security numbers be provided with the application and annual verification for all Exemption types that have a primary residence criteria;</p> <p>d). Assessment should create and implement procedures to use social security numbers to ensure that property owners do not receive exemptions on more than one property for those exemptions with primary residence requirements; and</p> <p>e). Nassau County should explore the potential benefits of creating and requiring the filing of a ‘Change of Ownership Statement’ and should create procedures to review and remove all related exemptions ensuring that invalid exemptions are removed timely.</p>
Department of Assessment’s Response to May 2, 2019 Report	<p>7.a) <i>“Pursuant to Real Property Tax Law § 520, “whenever any person, association or corporation not otherwise entitled to an exemption from taxation acquires title to real property which is exempt, in whole or in part, from taxation, such property shall be immediately subject to taxation and shall be taxed pro rata for the unexpired portion of any fiscal year during which said transfer of title</i></p>

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	<p><i>occurred, and shall be liable in full for taxes in any fiscal year commencing subsequent to the date of transfer”. Based upon this statute, DoA does not need an affidavit to restore a property to the assessment roll and prorate the taxes for the now, unqualified property. DoA has and will continue to restore and prorate taxes upon receiving evidence from the County Clerk’s office that the property has transferred to another, unqualified party. DoA will continue to review and improve our communication with the Clerk’s Office, so that it can receive any necessary information in a quick and efficient manner. The Department will discuss holding an annual meeting to improve inter-agency processes with the Clerk’s Office commencing in the second quarter, June 2019.”</i></p> <p><i>7.b) “As mentioned previously in Response 1b & c, DoA will conduct a biennial collection of information for existing veteran taxpayers who qualify for and receive real property tax exemptions. This type of re-verification will request documentation supporting proof of residency, proof of ownership, and relationship to the qualified veteran.”</i></p> <p><i>7.c) “As mentioned previously in Response 1e, DoA will review supplementary methods to obtain the “date of death” of deceased taxpayers whose property is still benefiting from the taxpayers’ exemption status. The DoA will investigate available options for implementation before year end, 2019. Lastly, DoA will review with IT and the County Attorney’s Office the required measures to social security numbers within our departmental records.”</i></p> <p><i>7.d) “See response 7c.”</i></p> <p><i>7.e) “Although recorded deeds indicate ownership, DoA will discuss with IT the possibility of creating an internal “flagging” system to notify users that taxpayers own multiple properties. DoA will meet with IT to discuss request by the third quarter, 2019.”</i></p>
<p>Auditors’ Follow-Up Comments</p>	<p>We reiterate the need to remove and restore invalid exemptions in a timely fashion. We encourage DoA to review its process and coordination with the County Clerk’s Office to ensure the timely removal of exemptions and restoration of Assessed Value.</p> <p>We concur with DoA’s plan to conduct a biennial verification of residency, ownership and relationship information for veterans. We agree with the implementation of a flagging system to identify taxpayers who own multiple properties to ensure the exemption is only applied to the primary residence.</p> <p>We stand by our recommendation that procedures should be created to review and remove all related exemptions, upon change of ownership, ensuring that invalid exemptions are removed timely.</p>

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Department of Assessment's Response to Audit Follow-Up

7.a) 12/27/19 – *“DoA continues to process conveyances sent to us by the County Clerk’s office and process the removal of Exemptions when applicable from the date of the Conveyance and when applicable prorate and charge the new owner any adjusted property tax that may be due.”*

08/06/20 – *“The conveyances from LIBER BOOKS are received in electronic format from the County Clerk. These are reviewed and amended in LIBER BOOK and page order - owner’s names are changed, lots included are verified an exemption are removed, updated or pro-rated. This can be a tedious process that can require tracing the chain of ownership and reviewing Trust Documents. The conveyance is uploaded overnight to the Sales Screen and this screen is processed for the sales validation team. A file of the data is sent to ORPTS on a monthly basis.”*

7.b) 12/27/19 - *DoA is working in cooperation with agencies involved with the exemption process. However, the County Clerk is a separately elected office with its own established process. DoA will continue to meet with other agencies on a regular basis to effectuate changes when necessary and feasible.*

7.c) 12/27/19 – *“A formal request has been made to the ORPTS to obtain access to social security numbers and/or a death database and is awaiting a formal response.”*

08/06/20 – *“County Assessor got access to death files on January 14th, 2020 and assigned personnel is going through these files to see if any exemptions need to be removed. Unfortunately, the files don't indicate any survivors at the property or allow us to research by individual names. These files are checked twice a year (just before the school bill and before general bill) after all changes to the roll have been made. Any exceptions are further researched by the Exemption Division.”*

7.d) 12/27/19 – *“See response 7c.”*

7.e) 12/27/19 – *“DoA has held several meetings with IT to figure programmatically identify owners of multiple property’s in Nassau County. DoA plans to have a resolution for this issue by the second quarter, June 30, 2020.”*

08/06/20 – *“DoA was unable to meet the previous CAP date, the new date DoA anticipates resolving this is by 12/31/20.”*

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<p>Post Audit Follow-Up Analysis</p>	<p>Based on Auditors review of the Auditee’s responses to the follow up, and Standard Operating Procedures provided on 04/15/20, it appears that the DoA is in the process of addressing a majority of the recommendations in this finding.</p>
<p>Auditor Assessment of Progress</p>	<p>● 7.a) DoA did not address our recommendation to develop a form to recapture back taxes from those who should not have received this exemption. We encourage them to hold annual meetings with the County Clerk’s Office to improve the process for recording transfers of real property. The DoA has stated that this is a tedious process and they are sending a file to ORPTS on a monthly basis. DoA states this is an on-going process and no target date was provided.</p> <p>● 7.b) As of the most recent update provided by DoA on 10/28/20, there was no indication that this has been completed.</p> <p>7.c) With respect to verification of primary residence, according to the update of 10/28/20 provided by DoA, this function cannot be completely performed due to limitations of the information receive from New York State concerning deceased individuals. With respect to using social security numbers for verification the DoA is required to utilize a New York State form and therefore cannot make this change unilaterally. Therefore, this recommendation was not color coded by the Auditors.</p> <p>● 7.d) We reiterate the DoA should create and implement procedures to use social security numbers or other methods to ensure that property owners do not receive exemptions on more than one property for those exemptions with primary residence requirements.</p> <p>● 7.e) According to the 10/28/20 update provided by DoA, the target date for this implementation was 12/31/20. We have no assurance the target date has been met.</p>

<p>Finding 8 Title</p>	<p>The Department of Assessment’s Exemption Counts are Inconsistent with NYS Counts and Some Exemptions are Invalidly Coded</p>
<p>Finding 8 Recommendations</p>	<p>The new Assessor should:</p> <p>a). Identify and review the invalidly coded exemptions to determine if they were legitimate exemptions;</p>

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	<p>b). Ensure procedures are in place for the Department of Assessment to address any exemptions that New York State lists as “not properly coded” in the future;</p> <p>c). Review and reconcile the differences in exemption counts reported to New York State for past years; and</p> <p>d). Implement accountability in the computer system for coding exemptions (i.e. those granting exemptions leave a digital fingerprint) or prevent the system from allowing a code that is not a valid NYS code.</p>
<p>Department of Assessment’s Response to May 2, 2019 Report</p>	<p>a) <i>“DoA will review, change, delete, and update all exemption codes by the third quarter, 2019.”</i></p> <p>b) <i>“DoA will review for accuracy and appropriateness all New York State exemptions and codes on an annual basis. This procedure will be implemented by third quarter, 2019.”</i></p> <p>c) <i>“DoA will review current exemptions counts, examine the differences with New York State, and contact the state to determine the cause for the differences in the counts. This exercise should be completed by third quarter, 2019.”</i></p> <p>d) <i>“DoA, through the ADAPT system, can already track the history of an exemption for a property and the grantor of the exemption. However, DoA will work with IT to increase accountability measures. The Department will discuss these measures with IT during the second quarter, 2019. Additionally, by the third quarter, 2019, DoA will implement an annual review of New York State exemptions and codes.”</i></p>
<p>Auditors’ Follow-Up Comments</p>	<p>We concur with Assessment’s responses addressing recommendations a), b) & d).</p> <p>We stand by recommendation c) that Assessment review and reconcile the differences in exemption counts reported to New York State for past years, specifically 2010, 2011 and 2012. As shown in Exhibit XI on page 28 of this report, these 3 years represent 72.8% of the total number of invalidly coded exemptions in the 10-year period (2008 – 2017).</p>
<p>Department of Assessment’s Response to Audit Follow-Up</p>	<p>8.a) 12/27/19 - <i>“DoA will review, change, delete, and update all exemption codes by the end of the first quarter, March 31, 2020.”</i></p> <p>08/06/20 – <i>“DoA has reviewed the codes that were questioned by the auditors and found that of the three codes only one of the codes</i></p>

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	<p><i>"25200" has any properties attached to it in ADAPT. The reason for this is because code "25200" is a HIEX code that municipalities opted out of, however at that time there were properties attached to this code that were grandfathered in. No new properties were added to this code. Furthermore, the information used by the auditors were gleaned from the NYS website which DoA has no control over."</i></p> <p><i>8.b) 12/27/19 - "DoA will review for accuracy and appropriateness all New York State exemptions and codes on an annual basis. This procedure will be implemented during the first quarter of 2020 (March 31). And reviewed on an annual basis thereafter."</i></p> <p><i>08/06/20 – "DoA is in the process of working with NYS and developing a process. Once a process is developed, procedures will be completed. Estimated completion date is 12/31/2020."</i></p> <p><i>8.c) 12/27/19 - "DoA will review current exemption counts, examine the differences with New York State and contact the State to determine the cause for the difference in the counts. This exercise will be completed by the end of the first quarter 2020 (March 31). DoA will make sure to include the years 2010, 2011, and 2012 to determine why the invalid codes were imputed."</i></p> <p><i>08/06/20 – "DoA is in the process of working with NYS and developing a process. Once a process is developed, procedures will be completed. Estimated completion date is 12/31/2020."</i></p> <p><i>8.d) 12/27/19 - "DoA, through its review of roles within ADAPT. is increasing the accountability of those who enter Exemption updates into ADAPT. The department will perform a review of roles semi-annually. (The next review will be completed by June 30, 2020). We will be able to update and make necessary changes to ensure that only those employees responsible for exemption updates and changes will be able to make them. Each transaction has a digital fingerprint that will allow DoA senior staff to track who is responsible for any possible error and with this information we can better determine the best course of action to prevent future errors of that type."</i></p> <p><i>08/06/20 – "DoA has developed a procedure for reviewing ADAPT roles on a semi-annual basis."</i></p>
<p>Post Audit Follow-Up Analysis</p>	<p>In their follow up response, DoA indicated that a review of roles will be performed semi-annually with the next review scheduled for June 2020. Auditors requested documentation to support that an initial review of user roles had taken place. This documentation was scheduled to be provided to the Auditors on April 15, 2020 however,</p>

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	<p>due to the COVID-19 pandemic, the Auditors have not received this yet.</p> <p>The ADAPT User Access Procedures dated August 2020 were provided to the Auditors on 10/28/20.</p>
Auditor Assessment of Progress	<ul style="list-style-type: none"> ● 8.a) We are pleased that the DoA reviewed the codes that were questioned by the Auditors. DoA found that only one of the three codes identified by the Auditors had properties attached to it which was grandfathered in. No new properties have been added to this code. ● 8.b) We are pleased that the DoA plans to implement a review for the accuracy and appropriateness of all NYS exemptions and codes during the first quarter of 2020, and on an annual basis thereafter. According to the update of 10/28/20 provided by the DoA, the target date for this implementation was 12/31/20. There is no assurance that this target date has been met. ● 8.c) We are pleased with the DoA’s plans to review and reconcile differences in exemption counts reported to New York State by March 31, 2020, and will include the years 2010, 2011, and 2012 to determine why the invalid codes were imputed.” According to the update of 10/28/20 provided by the DoA, the target date for this implementation was 12/31/20. There is no assurance that this target date has been met. ● 8.d) We are pleased with the implementation of increased accountability of those who enter exemption updates into the ADAPT system. The DoA indicated in their follow up response on 10/28/20 that they developed a procedure for reviewing ADAPT roles on a semi-annual basis. The procedures have been provided to the Auditors.

Finding 9 Title	Nassau County is Not in Compliance with NYS Regulations Requiring an Exemption Impact Report be Attached to the County Preliminary Budget and Does Not Report Adequate County Performance Measures
Finding 9 Recommendations	The Department of Assessment should:

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	<p>a). review NYS reporting requirements and develop procedures to ensure that they are in compliance and remain compliant moving forward, and</p> <p>b). identify and review potential performance measures that can be tracked to help perform departmental work more efficiently, such as the number of exemptions applied for, and disclose the results to the public.</p>
<p>Department of Assessment’s Response to May 2, 2019 Report</p>	<p>a) <i>“DoA will conduct a comprehensive review of NYS reporting requirements and document procedures to ensure requirements are adhered to and provided by the prescribed times. Subsequently, employees will be trained on the procedures. This should be completed by second quarter, 2019. Going forward, any and all future legislative updates, changes, and modifications will prompt quarterly updates to the procedures. Employees will receive additional trainings as needed.”</i></p> <p>b) <i>“As previously mentioned in response 2b, DoA is currently working with IT to develop an internal management information database....”</i></p> <p>c) <i>“Additionally, in compliance with New York State law, DoA will produce and submit an annual Exemption Impact Report to the Office of Management and Budget by month end August 2019 and annually thereafter.”</i></p>
<p>Auditors’ Follow-Up Comments</p>	<p>We are pleased that Assessment will conduct a comprehensive review of New York State reporting requirements and develop procedures to ensure proper compliance.</p> <p>We concur with Assessment’s efforts to develop a management information database to identify and track performances measures.</p> <p>We concur with Assessment’s intention to produce and submit an Exemption Impact Report to the Office of Management and Budget by August 2019 and annually thereafter to be compliant with New York State Reporting requirements.</p>
<p>Department of Assessment’s Response to Audit Follow-Up</p>	<p>9.a) 12/27/19 - <i>“DoA has updated internal procedures based on current Legislative laws and continue to update staff’s knowledge base to ensure that DoA is complying with best current procedures.”</i></p> <p>08/06/20 – <i>“DoA was unable to meet our previous CAP date, we plan to implement the CAP by 12/31/2020.”</i></p> <p>9.b) 12/27/19 – <i>“See 12/27/19 Response 2b”</i></p>

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	<p>08/06/20 – “DoA was unable to meet our previous CAP date, we plan to develop an internal management information database and anticipates it being rolled out by 12/31/2020.”</p> <p>9.c) 12/27/19 - “It was reported in the 2020 Budget submission.”</p> <p>08/06/20 – “This is an annual report run out of ADAPT, it is a script within the System.”</p>
Post Audit Follow-Up Analysis	We requested and were provided with a copy of DoA’s updated internal procedures and verified that an Exemptions Impact Report was included in the 2020 budget.
Auditor Assessment of Progress	<p>● 9.a) Based on the DoA’s follow up response and the Standard Operating Procedures provided; it appears DoA has addressed our recommendations by updating their internal procedures. Auditors verified that the DoA prepared an Exemptions Impact Report that was included in the 2020 Budget.</p> <p>● 9.b) We are pleased that the DoA is working with IT to develop an internal management information database. In their 8/6/20 response, DoA indicated they were unable to meet their previous target date of March 31, 2020 and have proposed a new target date of 12/31/20. We have no assurance that this target date has been met.</p>

Finding 10 Title	The Department of Assessment Does Not Maintain Adequate Procedures and Auditors Found that Income on Senior Exemptions were Calculated Differently by Different Employees
Finding 10 Recommendations	<p>The Department of Assessment should:</p> <p>a). Update and/or create operating procedures for all the various exemption types used in Nassau County;</p> <p>b). Assemble all procedures in one reference manual, copies of which should be provided to each unit supervisor;</p>

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	<p>c). Provide adequate training to staff on policies and procedures to assure that exemption applications are properly and consistently processed; and</p> <p>d). Implement a procedure to review and approve procedures on an annual basis.</p>
<p>Department of Assessment's Response to May 2, 2019 Report</p>	<p><i>"The QAU [Quality Assurance Unit] is currently documenting exemption processing and customer servicing procedures and expects to be completed by third quarter, 2019. DoA will schedule and deliver a training to all existing Exemptions Division personnel at the time the procedures are finalized. DoA will also ensure that for all future new hires, exemptions training is included as part of the "onboarding" process. Additionally, DoA will provide annual training to review process and local law statutory changes. Annual training will occur in the third quarter of each year."</i></p>
<p>Auditors' Follow-Up Comments</p>	<p>We are encouraged with Assessment's response that the County Executive's Quality Assurance Unit is currently documenting a complete set of Exemption Processing and Customer Service procedures. Additionally, we concur with Assessment's plan to provide training and review the exemption process on an annual basis.</p>
<p>Department of Assessment's Response to Audit Follow-Up</p>	<p>10 a). 07/30/20 – <i>"Procedures were finalized and issued for the following exemptions: Fire Fighter Ambulance Worker, First Time Homeowner, Homeowner Application Intake, Low Income Disability, Senior Citizen, STAR and Enhanced STAR, and Veterans."</i></p> <p>10 b). 07/30/20 – <i>"Procedures were finalized and issued for the following exemptions: Fire Fighter Ambulance Worker, First Time Homeowner, Homeowner Application Intake, Low Income Disability, Senior Citizen, STAR and Enhanced STAR, and Veterans."</i></p> <p>10 c). 08/06/20 – <i>"DoA has developed a training manual for exemptions, however training the staff has not occurred as yet, DoA is in line with meeting the deadline of 9/30/2020."</i></p> <p>10 d). 08/06/20 – <i>"DoA's testing a Senior Exemption APEX Application to standardize the parameters used to determine the granting of exemption. Procedures have been promulgated and the application and process will be moved to production by September 30th, 2020."</i></p>
<p>Post Audit Follow-Up Analysis</p>	<p>We requested and were provided with a copy of Standard Operating Procedures for the exemption process for each individual exemption category.</p>

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	<p>On 10/28/20 Auditors were provided with the DoA's Exempt Training Manual as of August 2020.</p>
Auditor Assessment of Progress	<ul style="list-style-type: none">● 10.a) We are pleased that the DoA has completed documenting Standard Operating Procedures for various exemption categories.● 10.b) According to the 10/28/20 update provided by the DoA, procedures can be found in OMB QAU (Quality Assurance Unit) shared directory and a copy has been provided to the Comptroller's Office.● 10.c) We are pleased the DoA has provided training and procedures to all Exemption staff.● 10.d) We commend the DoA for noting in their SOP's that the frequency for reviewing all procedures will be annually.

END OF REPORT

