

# THE CORPORATION OF THE TOWNSHIP OF MCGARRY

## Property Tax Account Review

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## TABLE OF CONTENTS

DESCRIPTION OF REQUIRED.....	2
SCOPE LIMITATIONS.....	2
DESCRIPTION OF CLIENT'S PROCEDURES.....	2
DESCRIPTION OF KEMP ELLIOTT & BLAIR'S PROCEDURES.....	2
CONCLUSION.....	3

## DESCRIPTION OF REQUIRED

It appears that the accounting system “Asyst” has been calculating monthly interest charges on the balance owing of taxes plus any accumulated interest to date when the Municipal Act only allows interest to be charged on the taxes outstanding portion. This discrepancy began in 2018, when the new accounting system was implemented, and discovered part way through 2022 by an employee of Asyst and township staff. Township staff have calculated the error and repayment, with the help of technical support from Asyst, and have requested we review this calculation to ensure the amounts, to be credited to taxpayers are reasonable. The following outlines the requested required:

1. Review steps taken by Township staff to calculate the overbilling of interest and penalty charges from 2018 until 2022 and assess their reasonability.
2. Provide a report to council confirming that the steps taken by the Township have provided a reasonable estimate of amounts owing back to taxpayers.

## SCOPE LIMITATIONS

We have accumulated the following scope limitations related to our report.

1. Monthly arrears listings exported from Asyst were provided to Kemp Elliott and Blair, the validity of the reports cannot be verified.
2. Reports of monthly interest charged from 2018 to 2022 were provided to Kemp Elliott and Blair, the validity of the reports have not been verified.
3. It was impractical to recalculate the interest amounts on partial payments received, this may result in small discrepancies deemed to be insignificant.

## DESCRIPTION OF CLIENT’S PROCEDURES

Following is a description of the process used by township staff to calculate the amounts requiring repayment:

1. Staff were able to download a tax arrears report of each month from January 2018 until February 2022 from Asyst into an excel spreadsheet.
2. Staff then recalculated the interest charged on the tax arrears balance of 1.25% of the tax only portion.
3. The calculated interest was then subtracted from the actual interest charged which provided the amount to be credited to the taxpayer.
4. The spreadsheet with the monthly calculations was then provided to Kemp Elliott & Blair for review.

## DESCRIPTION OF KEMP ELLIOTT & BLAIR’S PROCEDURES

Following is a description of the process used by Kemp Elliott & Blair to verify that the calculated amounts to be credited to taxpayers appeared reasonable:

1. 75% of the tax arrears balances in the excel spreadsheet provided was agreed to the tax arrears report provided to confirm that the correct tax arrears balances were being used in the calculation provided by staff.
2. A formula was added to each month to recalculate the correct interest amounts that should have been charged at 1.25% of the tax arrears balance only.
3. This calculation was then compared to the actual interest charged and this provided the amounts to credit the taxpayer.
4. The monthly amounts owing were then summarized into yearly amounts to be credited by roll number.

## CONCLUSION

Our review calculated total amounts, to credit taxpayers for overcharged interest from January 2018 to February 2022, of \$360,654 whereas staff's calculation totaled \$360,702 for a trivial difference of \$48. It is our opinion that staff's calculation is reasonable and the process to calculate the balance was appropriately conducted.