



COLORADO
Department of Local Affairs
Office of the Executive Director

July 1, 2016

Dianne E. Ray, CPA
State Auditor
Colorado Office of the State Auditor
1525 Sherman St., 7th Floor
Denver, CO 80203

Delivered Electronically

Dear Auditor Ray:

In response to your request, we have prepared an updated status report regarding the implementation of audit recommendations contained in the Senior and Disabled Veteran Property Tax Exemption Program audit. The attached report provides a brief explanation of the actions taken by the Department of Local Affairs to implement each recommendation.

The most necessary component of implementing the audit recommendations was to make certain changes to the statutes. The Department is very grateful to the members of the Legislative Audit Committee for allowing us to work with legislative legal services and other interested departments in the drafting of the bill and for the committee members sponsorship of HB 16-1175. With its successful passage we are now empowered to fully implement all recommendations of the audit.

If you have any questions, please do not hesitate to contact me at 303-864-7861 or by email at Irv.Halter@state.co.us. You may also find it easiest to directly contact JoAnn Groff in the Division of Property Taxation, as it is her responsibility to oversee the state's involvement in this program. Her phone number is 303-864-7776 and her email address is JoAnn.Groff@state.co.us. Thank you for this opportunity, I think this program will be improved through this audit and subsequent legislation.

Sincerely,

A handwritten signature in black ink, appearing to read 'Irv Halter'.

Irv Halter
Executive Director
Department of Local Affairs



AUDIT RECOMMENDATION STATUS REPORT

AUDIT NAME: Senior and Disabled Veteran Property Tax Exemption Program

AUDIT NUMBER: 1412P

DEPARTMENT: Department of Local Affairs

DATE OF STATUS REPORT: July 19, 2016

SUMMARY INFORMATION

Rec. Number	Agency's Response	Original Implementation Date	Implementation Status	Revised Implementation Date (If applicable)
1a	Agree	June 2016	Implemented and Ongoing	
1b	Agree	October 2016	Implemented and Ongoing	
2a	Agree	October 2016	Implemented and Ongoing	
2b	Agree	January 2015	Implemented	
3	Agree	September 2015	Implemented	
4	Agree	June 2016	Implemented and Ongoing	

DETAIL OF IMPLEMENTATION STATUS

Note: The Department agreed with all of the audit recommendations.

Recommendation No. 1:

The Department of Local Affairs should work with the General Assembly to seek statutory changes to strengthen the senior and disabled veteran's tax exemption qualification review process, including:

- A. Working with the State Treasurer on proposed statutory changes to allow DOLA to direct the State Treasurer to recover funds from the counties for any reimbursements made for exemptions approved by the counties that are later found to be non-qualifying.

Current Implementation Status for Rec. 1, part a: Implemented and Ongoing.

Agency's Update:

Contained as part of HB 16-1175, signed June 10, 2016, county treasurers will now submit reimbursement requests to the Division of Property Taxation for review prior to reimbursement by the State Treasurer. HB 16-1175 also authorizes the Division of Property Taxation to advise the State Treasurer to recover funds from a reimbursement made to a County Treasurer for a non-qualified exemption in any prior year by adjusting the current year reimbursement. The first review will take place in March of 2017.

- B. Expanding DOLA's role to include comparing county-reported exemption data with residency status information from tax records and death records to identify potentially non-qualifying applicants and providing the results of the comparisons to the counties for follow-up. DOLA should enter into agreements to share information with the Department of Revenue and the Department of Public Health and Environment and improve data systems as needed.

Current Implementation Status for Rec. 1, part b: Implemented and Ongoing.

Agency's Update:

Permission to enter into such agreements with the Department of Revenue and Department of Public Health and Environment was granted in HB 16-1175. DOLA has spoken with both Departments and there is agreement that this information can be shared. DOLA will work to develop the specific procedures to implement these reviews by the fall of 2016 with the Department of Revenue and by early in 2017 with the Department of Public Health and Environment.

Recommendation No. 2:

The Department of Local Affairs should expand its processes for identifying and denying non-qualifying applicants by:

- A. Working with the Department of Revenue to conduct an annual match of filing status data from Colorado tax returns to the DOLA database to identify and deny married couples who apply for more than one property tax exemption.

Current Implementation Status for Rec. 2, part a: Implemented and Ongoing.

Agency's Update:

Permission to work with the Department of Revenue was granted with the passage of HB 16-1175. DOLA has spoken with DOR and there is agreement that this review process can be developed. DOLA will work with DOR to develop the review process to be used for the 2016 review of Senior and Veteran exemptions. That review will be completed for the first time in October of 2016.

- B. Identifying the problem with the current Social Security Number search that allows some matches to go unidentified and changing the search as necessary.

Current Implementation Status for Rec. 2, part b: Implemented.

Agency's Update:

Division of Property Taxation staff worked with OIT staff to correct the search function. Correction was made in January of 2015, prior to the release of the audit findings.

Recommendation No. 3:

The Department of Local Affairs should investigate entering into an agreement with the Colorado Department of Revenue or the Social Security Administration, as appropriate, to annually validate the social security numbers it receives from the counties.

Current Implementation Status for Rec. 3: Implemented.

Agency's Update:

After discussions with the Department of Revenue, DOLA decided to seek permission to enter into such an agreement with the Department of Revenue. Permission for this agreement was included in HB 16-1175.

Recommendation No. 4:

The Department of Local Affairs should work with the counties, the State Treasurer, and the General Assembly to establish a process for DOLA to conduct a final review and give final approval for the list of approved exemptions sent to the State Treasurer for reimbursement.

Current Implementation Status for Rec. 4: Implemented and Ongoing.

Agency's Update:

HB 16-1175 contained a provision requiring county treasurers to submit reimbursement requests to the Division of Property Taxation for review prior to reimbursement by the State Treasurer. Any reimbursement request not approved by the Division of Property Taxation will be removed and not be submitted to the state treasurer. The first review will take place in March of 2017.
