



Adjustments to Tax Payer Accounts

Purpose

Policies governing adjustments to tax payer accounts help ensure that there is a separation of duties, proper authorization of transactions and monitoring of the activities affecting those accounts.

Overview

Adjustments to taxpayer accounts happen routinely to correct errors. Adjustments are also a tool that is commonly employed in cases of fraud to conceal the fraudulent act. Because there is a legitimate need to be able to enter adjustments but it also creates a risk that fraudulent behavior is concealed policies should be adopted to govern the use of adjustment to taxpayer accounts.

Implementation

We recommend the adoption of a policy that creates clear expectations along with the ability to monitor and correct problems as they arise. The following are elements should be present in policies governing adjustments to property tax accounts.

1. The policy identifies who can make adjustments, apply credits and issue refunds to taxpayer accounts.
2. The policy identifies who authorizes adjustments, credits and refunds applied to taxpayer accounts.
3. The policy identifies the required documentation for each adjustment, credit and refund.
4. The policy provides for the review of adjustments, credits and refunds by the governing body and auditor.
5. The policy provides for the pre-authorization of adjustments under a specified amount for specified circumstances.