



Fiscal Audit

DEPARTMENT OF FINANCE

**THREE TAXING BODIES SERVICES TRUST FUND
AND ESCROW ACCOUNT**

Report by the
Office of City Controller

**MICHAEL E. LAMB
CITY CONTROLLER**

Rachael Heisler, **Deputy Controller**

Michelle Gibbs, Assistant Fiscal Audit Manager
Lee Ajang, Fiscal Audit Manager

Caleb Mejias-Shell, Former Fiscal Audit Manager
Liz Dille, Fiscal Auditor (CPA)

July 13, 2022

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CITY OF PITTSBURGH
OFFICE OF THE CITY CONTROLLER
Controller Michael E. Lamb

July 13, 2022

To the Honorable Mayor Edward Gainey and
Honorable Members of Pittsburgh City Council:

The Office of the City Controller is pleased to present this fiscal audit of the THREE TAXING BODIES SERVICES TRUST FUND and ESCROW ACCOUNT, conducted pursuant to the power of the Controller under Section 404(b) of the Pittsburgh Home Rule Charter.

EXECUTIVE SUMMARY

When properties are foreclosed due to delinquent and unpaid taxes, they are resold in auctions via the City's Treasurer. The City also sells vacant lots at discounted prices to bordering owners. Properties that are held in wait of sales are owned publicly under the management of the City of Pittsburgh, Pittsburgh School District, and County of Allegheny. These three entities are the Three Taxing Bodies, and this coordinated process was authorized by the Second Class City Treasurer's Sale and Collection Act 171 of 1984. The funds earned and spent in maintenance of this operation flow through the THREE TAXING BODIES SERVICES TRUST FUND. Monies held during sales or refund processes are managed in the ESCROW ACCOUNT, which was established in 2016. The operation's magnitude is significant, as it includes Treasurer Sales, Sideyard Program Sales; coordination with reinvestment and grounds rehabilitation organizations and companies; and sales processing for citizens of Pittsburgh.

We reviewed the internal controls and management of the trust fund and Escrow Account. Our procedures included interviews with the department heads; sample testing of revenues and expenditures; analysis and tracking of sales processes; and the review of legislation, policies, and procedures surrounding the operations of the accounts. For more information on our testing procedures, please review the section called [Testing](#) of this report.

Based on our review, we recommend that the department, first and foremost, develop a standardized manual or database of policies and procedures. Our engagement with the department indicated that no such documents currently exist beyond the resolutions themselves. We also encourage the department to develop a tracking process that can identify items by buyer and stage of sale and reconcile with information invoiced into JD Edwards (JDE). Our report also notes an instance where the ESCROW ACCOUNT was not used according to the instruction of existing resolutions. To

avoid this in the future, we recommend that the department implement a scheduled review system for observing the utilization of the ESCROW ACCOUNT. For more information, please review the sections [Testing](#) and [Findings and Recommendations](#) of this report.

We appreciate the cooperation, patience, and support of the staff we coordinated with during our audit.

Sincerely,

A handwritten signature in black ink that reads "Michael Lamb". The signature is written in a cursive, flowing style.

Michael E. Lamb
City Controller

INTRODUCTION

This fiscal audit of the **Three Taxing Bodies Services Trust Fund (TTBSTF)** and **Escrow Account** was conducted pursuant to the power of the Controller under [Article IV, Section 404\(b\)](#) of the Pittsburgh Home Rule Charter.

SCOPE AND METHODOLOGY

The scope of our audit covered the period of **January 1, 2018**, to **December 31, 2020**.

The objective of this audit was to determine whether or not procedures and internal controls relating to the administration of the trust fund were adequate during examined period. In order to achieve this objective, we performed the following procedures:

- Created summaries of revenue sources and expenditure categories.
- Performed variance analysis on the year-to-year revenues and expenditures.
- Reviewed contracts, resolutions, and operating policies related to the Community Development Groups (CDGs); Urban Redevelopment Authority (URA); City Source Associates, Inc.; and Pittsburgh Department of Finance.
- Interviewed the staff of the Department of Finance and Department of Finance Real Estate Division.
- Reviewed documentation of revenues and expenditures of the TTBSTF and Escrow Account.

BACKGROUND

The Second Class City Treasurer's Sale and Collection Act 171 of 1984 is a state enactment that authorized the City of Pittsburgh Treasurer to publicly sell lands or real estate acquired via unpaid- and delinquent-tax foreclosures as assessed and levied by the following institutions: the City of Pittsburgh, School District of Pittsburgh, and County of Allegheny. These entities, together, represent the Three Taxing Bodies.

Resolution 1030 of 1992 authorized the Mayor and Director of Finance to enter into agreements with the School District and County of Allegheny to detail procedures, conditions, and terms of administrative costs related to the expenses (e.g., salaries, wages, etc.) incurred from the maintenance of the services shared by the Three Taxing Bodies. This resolution authorized funding and expenses to be made through the TTBSTF. Subsequently, the City of Pittsburgh's Department of Finance has administrative power—acting as the agent and trustee—of the properties held jointly by these entities.

City Finance was also authorized and directed, per resolution 360 of 1998, to establish a memorandum of understanding—in other words, an agreement—with the URA, Pittsburgh Community Reinvestment Group (PCRG), and Vacant Property Working Group (VPWG) to manage the retention and disposition of these properties.¹ The resolution indicates that neighborhood-based non-profit community development organizations—referred to in this report as CDGs—can ease the governmental burden of the management, disposition, and rehabilitation of tax-delinquent properties. As part of the rehabilitation initiative, Resolutions 879 of 2018, 737 of 2019, and 578 of 2020 called upon City Source Associates, Inc. to provide grounds keeping and land maintenance services for the properties owned by the Three Taxing Bodies.

The ongoing concern with these properties is the negative effects they can have on surrounding communities, the City, and the citizens. According to the United States Department of Housing and Urban Development, abandoned and/or vacant lots can contribute to declining property values and crime.² Qualified purchasers are, therefore, encouraged to acquire these lots through the City's application and purchasing processes. Purchasers must, however, have good standing in taxes and water and sewage bills on any property they currently own.

In 2016, Resolution 534 of 2016 allowed for the creation of an escrow trust fund for the Three Taxing Bodies, providing a means to separately track escrow monies procured from property sales. **Escrow**, by definition, is a process of holding an asset—in this case, money—in wait of specified conditions before further movement of the funds is permitted. The resolution states that the account can only be used “to hold hand money to be transferred to the Three Taxing Bodies

¹ Resolution 360 of 1998: "Authorizing and directing the Department of Finance of the City of Pittsburgh to establish a memorandum of understanding for the excluded tax lien properties, repurchased tax lien properties, additional/subsequent tax lien property sales, certain Three Taxing Bodies Property, establishment of a property reserve and a property reserve trust fund."

² U.S. Department of Housing and Urban Development's (HUD's) Office of Policy Development and Research (PD&R), *Vacant and Abandoned Properties: Turning Liabilities Into Assets*, 2014. <https://www.huduser.gov/portal/periodicals/em/winter14/highlight1.html#:~:text=Vacant%20and%20abandoned%20properties%20are,vacancy%20to%20neighborhood%20market%20conditions>

Trust Fund for a completed sale or refund money from an invalid sale.” It further provided accounting and tracking for those escrow monies in the JD Edwards (JDE) software program.³

FUNDING SOURCES

The revenues of the TTBSTF are received from the City’s General Fund; land leases; and, also, sales from the Sideyard Sale Program, property sales, CDGs, and the URA. The revenues received for the trust fund are summarized in Table I below.

<i>Funding Source</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>Total</i>
Payment Voucher	\$0	\$890	\$0	\$890
Completed Sales	(\$409,270)	(\$268,011)	(\$743,295)	(\$1,420,576)
Wire Transfer Transactions	\$300,010	(\$39,084)	(\$33,618)	\$227,309
Total	(\$109,260)	(\$306,204)	(\$776,913)	(\$1,192,377)

The revenues received for the Escrow Account are summarized in Table II below.

<i>Funding Source</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>Total</i>
Return of Hand Money	\$22,894	\$12,555	\$6,022	\$41,471
Hand Money	(\$86,963)	(\$35,620)	(\$14,202)	(\$136,784)
Transfer to Trust Fund for Final Sales	\$51,525	\$39,084	\$33,618	\$124,226
Total	(\$12,544)	\$16,019	\$25,437	\$28,912

CITY TREASURER COURT AUCTIONS

Before administering sales, the Department of Finance will first ensure that publicly owned property is not needed for City improvement projects. For properties eligible for purchase, a qualified buyer may complete and submit the *Request to Purchase Form*. Once approved, the purchaser must submit a down payment equaling 10% (minimum of \$200) of the price of the property.

³ Resolution 723 of 2016: "The City Controller is hereby authorized and directed to create an escrow account entitled the 'Three Taxing Bodies Property Escrow Account' into which shall be deposited hand money and objector money for sales. The fund may only be used in order to hold hand money to be transferred to the Three Taxing Bodies Trust Fund for a completed sale or refund money from an invalid sale."

Please note that other interested buyers can file objections up until the close of the sales process. If any objections are submitted, all applicable parties are notified so that they can bid for the property in court.

A successful bid is an award of the sale of the property. When a successful bidder is determined, the court issues a final Order of Court, and the deed is prepared and executed by the City Solicitor and signed by the Mayor of Pittsburgh. The purchaser is then required to pay the balance upon delivery of the deed.

According to the document *Procedures for Purchasing Property Through Court Auction Sales*, "failure to comply with these procedures will result in the cancellation of the sale and the forfeiture of the hand money. These procedures may take 12 to 15 months."

For more information, please review the Treasurer Sales portion of the [Department of Finance](#) homepage of the City's [official website](#).

SIDEYARD SALES PROGRAM

The City Treasurer auctions represent one side of the operation that the Department of Finance administers for the Three Taxing Bodies. Its Real Estate Division also provides a Sideyard Sale Program for low-cost purchases of vacant lots. Residents whose properties border publicly owned vacant lots can enroll in this program to annex empty, overgrown, and/or unsightly lots. The objective is to encourage citizens to improve the overall value of real estate in the City through acquisition.

Participating in the program requires that the purchaser own property that directly borders the side, front, or rear of a publicly owned vacant lot. Only properties that are publicly owned are eligible; however, properties not yet publicly owned but tax-delinquent could be seized for City Treasurer auctions at the request of interested purchasers. Successful purchasers will not be responsible for any outstanding taxes or bills for water or sewage.

Successful bidders must sign the document *Proposal to Purchase and Lease Agreement* and submit the required down payment and lease cost of \$201, which will allow the purchaser to use and maintain the lots immediately. Permanent changes to the lot are, however, prohibited until the sale is finished. Please also note the following excerpt from the form:

- G. In the event that the City Council and/or Mayor of the City of Pittsburgh do not act favorably in this matter the sale to Purchaser will be canceled and all moneys collected returned to Purchaser.
- H. In the event that the Purchaser fails to complete said sale within thirty (30) days from notification by the City of Pittsburgh, the money tendered shall be considered as liquidated damages and applied to the costs of all the proceedings and expenses incurred and this Proposal shall be null and void.

According to the Sideyard Sale Program policies, this process can take up to 18 months.

For more information and forms, please review the Property Sales portion of the [Department of Finance](#) homepage of the City's [official website](#).

ePROPERTY PLUS

Interested bidders can browse eligible properties on the [eProperty Plus website](#), which is an online property-management system. The site is managed by the City's Real Estate Division, City Planning, and the URA. Once properties are deemed eligible for sale, their profiles are uploaded to this site. The property profile provides pictures, block and lot identifiers, parcel numbers, locations, property measurements, and more. **Figure 1** below is a screenshot of a property listing from the website. Per the site, interested bidders are directed to mail applications to City Finance.



Figure 1: Screenshot of property listing on eProperties Plus. Please note that the Parcel Number, Block and Lot, Neighborhood, and property picture have been redacted for this report.

EXPENDITURE OF FUNDS

The expenditures charged are from salaries, wages, and expenses related to the maintenance and disposition of properties procured and sold by the Three Taxing Bodies. The expenditures are summarized in Table III below.

**Table III: TTBSTF Expenses
For the Period January 1, 2018, to December 31, 2020**

<i>Expenditure Category</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>Total</i>
Administrative Fees	\$35,700	\$12,900	\$2,700	\$51,300
Auditing & Accounting	\$5,725	\$0	\$0	\$5,725
Health Insurance	\$91,925	\$2,500	\$1,500	\$95,925
In Grade (Personnel-Salaries)	\$116	\$4,237	\$0	\$4,353
Judgements	\$10,400	\$0	\$0	\$10,400
Landscaping	\$68,390	\$25,375	\$44,720	\$138,485
Legal Fees	\$2,505	\$0	\$0	\$2,505
Maintenance	\$350,179	\$459,995	\$231,091	\$1,041,265
Materials	\$0	\$657	\$23,650	\$24,307
Office Supplies	\$426	\$915	\$3,594	\$4,934
Other Insur/Benefits	\$7,282	\$0	\$0	\$7,282
Personal Leave Buyback	\$1,857	\$2,306	\$0	\$4,163
Premium Pay (Personnel-Salaries)	\$0	\$0	\$7	\$7
Professional Services	\$0	\$17,200	\$0	\$17,200
Promotional	\$80,844	\$0	\$0	\$80,844
Regular (Personnel-Salaries)	\$424,035	\$418,595	\$523,816	\$1,366,446
Social Security	\$31,056	\$30,628	\$37,635	\$99,319
Total	\$1,110,441	\$975,308	\$868,711	\$2,954,460

CITY SOURCE ASSOCIATES, INC.

City Source Associates, Inc. is a company local to Pittsburgh. Its initiative is to stimulate residential investment in the City, and it has been in operation for just over 30 years. As noted earlier in this report, there are several resolutions surrounding the contracts that authorize the Mayor and Department of Finance to have professional services agreements with this company. Each resolution provided a maximum allowable amount payable to City Source Associates, Inc. for the services rendered to the City. Contract 52886 sets a limit of \$450,000 to be paid from the trust fund for services rendered between January 1, 2019, and December 31, 2019. Per this contract, the company is also directed to respond to 311 complaints or requests that involve publicly owned properties. Such requests may include, per the contract, "land clearance, snow removal, boarding and securing of abandoned properties, sidewalk repair, etc." Upon receipt of a relevant call, the City's Response Center will notify City Source Associates, Inc. The company is contracted to respond accordingly within 48 hours.

TESTING

To provide reasonable assurance of statements made in an audit report, we typically administer testing on the activities—revenues and expenditures—of the account(s) under review. However, we encountered difficulty obtaining all necessary documentation to adequately test the activities of the trust fund and Escrow Account; therefore, we administered a review of the materials we were able to obtain.

REVIEW OF POLICIES AND PROCEDURES

We interviewed the Department of Finance administrators on March 29, 2021. Part of the objective in interviewing the department was to obtain insight into operations. Entrance interviews are often concluded with a request from the Controller Office for written policies and procedures. Written guidelines represent internal controls meant to contribute to the accuracy and integrity of the financial operation and any statements thereof. To this end, the support provided by the department included existing resolutions of the trust fund, job descriptions, and a 2016 edition of the CDG operating policy document *Procedure for Community Development Groups for Requesting Property in Treasurer's Sale*.

For more information on the results of this testing, please review the [Findings and Recommendations](#) portion of this report.

TESTING OF TRUST FUND REVENUES AND EXPENDITURES

As noted above, standard fiscal audit procedures include the testing of recorded revenue and expenditure samples. Therefore, we prepared a strategy for testing documentation from the department and requested selected samples.

We requested a 20% sample of various expenditure categories. The department was able to provide one category (i.e., administrative fees); however, due to various reasons, the department does not maintain physical documentation for all expenditure categories. To continue our research and review, we utilized the information available in JDE.

In preparing revenue testing, we also originally requested a 20% sample of the department's internal documentation of information we located in JDE; however, the department was unable to provide all documentation requested.⁴ We were initially told that locating the 20% sample by the department's sale numbering system as recorded in JDE was difficult. Therefore, we then requested random selections of more recent sales, and the department was still unable to provide all the documentation we needed. Please note that we also followed up with the department 2 months following our original request for documentation and were advised that due to limited staffing, the administrators did not have time to honor our requests. To continue our research and review, we utilized the information found in JDE and reviewed trust fund deposits,

⁴ See Table I for a summary of revenues, including completed sales, recorded during the audit scope.

which are comprised of payments from URA sales, final payments from CDGs, court auction sales, Sideyard Program lease payments, and land lease payments.

Another part of our sample request was for current land lease agreements. This is because executed contracts will set up parameters for any actions, including monetary expectations, the parties involved have agreed upon. Our objective was to review any existing agreements and ensure that the expectations set forth were reasonably met.

For more information on the results of this testing, please review the [Findings and Recommendations](#) portion of this report.

TESTING OF WIRE TRANSFERS AND ESCROW ACCOUNT

Our approach to testing wire transfers and the activity of the Escrow Account was the same as our approach for testing the revenue and expenditure of the trust fund. We originally requested a 20% sample and then requested a smaller, random sample of more recent transactions. The department did provide a small sample of escrow transactions, which we reviewed.

According to the Resolution 534 of 2016, the Escrow Account holds hand money for transfers of completed sales to the trust fund or refunds of invalid sales. Therefore, we administered a review of information to determine if hand money received was from a valid source, how the department processes refunds for invalid sales, and the process of transferring hand money into the trust fund.

Wire transfers are electronic movements of funds. In reviewing these electronic transfers, we noticed transactions dating back as far as 10 years. We also noticed that while hand monies for some older transactions were forfeited, there were instances where hand monies for other older transactions that were not.

For more information on the results of this testing, please review the [Findings and Recommendations](#) portion of this report.

FINDINGS AND RECOMMENDATIONS

FINDING #1: ABSENCE OF WRITTEN POLICIES AND PROCEDURES

We requested documentation of written policies and procedures delineating the management of the trust fund and were advised that the sum of these exist solely in resolutions, job descriptions, and the CDG policy document.

RECOMMENDATION

We highly recommend that the Department of Finance develop a formal policies and procedures manual and/or internal resource database providing guidelines on governance and outlines of processes. While legislative resolutions do provide broad requirements, internal policies and procedures will, when properly aligned with legislation, represent a standardized roadmap for the organization of employee duties. Such documentation is indispensable operational direction for those tasked with daily functions. It can also provide a basis for accountability and consistency. This is all the more important considering the extent and complexity of the operation. It is also important to note that the CDG policy document referenced in the [Testing](#) section of this report is specific to the Treasurer’s sales. We were unable to determine distinctly if this document is used as a basis for all other functions that support the trust fund and Escrow Account.

AUDITEE RESPONSE

Accept. The Finance Department agrees to construct a policy and procedure document or internal database to outline and standardize processes and delineate duties of personnel. This document/database shall align with legislation, and provide an indispensable resource for maintaining stable operations should there be a turn-over in personnel.

FINDING #2: INSUFFICIENT CONTROL OF SALES PROCESSES

INADEQUATE TRACKING OF RECORDS

The expenditure documentation we reviewed in JDE was sufficient; however, the department was unable to provide the trust fund samples we requested for revenue testing. Initially, we were told that locating the samples based on the department’s sale numbering system was difficult. It does not incorporate a system for easily identifying transactions by stage of sale.

When we inquired about the department's sale numbering system, we were advised that individual transactions (i.e., block and lot available for sale) are named by year followed by a number representing the year-to-date (YTD) order of the sale (i.e., **YY-[SALE NUMBER]**) when invoiced in JDE.

	FUND	PROJECT	YEAR	ACCOUNT	
	78765	1070876500	2019	43903	
INDEX					AMOUNT
	CHECK NO.	DESCRIPTION			
	447698	13-221			\$ 1,450.40
	15142	14-162			\$ 2,400.79
	15792	14-206			\$ 1,488.80
	13359	14-220			\$ 2,449.75
	564	16-118			\$ 29.00
	1990	16-125			\$ 29.00
	7680074	17-188			\$ 4,500.00

Figure 2: Sample of invoice pulled from JDE. Note the sale numbers listed in the DESCRIPTION column.

An example of sale numbers can be viewed in **Figure 2**. If multiple bidders apply, they are each given the same sale number. Although we located **Figure 2** during our review of JDE, the department was unable to find internal records of the sale numbers listed on this invoice. The department employees are more familiar with pinpointing transactions based on the lot and block identifiers, but the department does not have a system in place to tie these records together with JDE invoices.

Although the sale numbering method has been in place for some time, new staff members may not be aware of the intricacies of each transaction, and without a trail of documentation—and policies and procedures—in place to support the operation, new employees may find it difficult to pick up where prior staff members left off.

SEGREGATION OF DUTIES

Months after our request for documentation, the department informed us that it could not honor the request due to limited staffing. The department has one employee responsible for the property sale application process. While we acknowledge that staffing is an ongoing struggle, having one person administer all stages of an operation creates a greater risk of error and potential fraud. A more sound internal control system will segregate the responsibilities of receiving, authorizing, and reconciling transactions.

LACK OF FORMAL AND/OR CURRENT AGREEMENTS

The department was unable to provide current land lease agreements. Although the department has attempted to obtain updated leases, this inquiry was still unresolved as of the conclusion of our fieldwork. One of the agreements the department provided to us was executed October 28, 1975, with an expiration date of October 1, 1976. It is difficult to determine if current transactions are being charged the correct leasing rates without an updated agreement or agreements.

RECOMMENDATION

INADEQUATE TRACKING OF RECORDS

In accordance with the Second Class City Treasurer's Sale and Collection Act of 1984 and the establishing resolution, the department acts as the agent and trustee for the properties jointly owned by the Three Taxing Bodies. In order to fulfill this responsibility, the department must be able to maintain a records retention system to locate and prove day-to-day transactions recorded in JDE. We recommend that a standardized numbering and documentation process be written into internal policies and procedures and implemented into daily functions. This numbering process should incorporate a means for tracking transactions by status—at minimum, pending, incomplete, invalid, and complete. Since the processing times for CDGs, court auctions, and Sideyard Sales Program transactions differ from one another, an organizational pattern that identifies the stage of processing may ease administrative processes, particularly when departmental attrition is a factor. Furthermore, management may wish to consider utilizing any available features of eProperties Plus to assist in this process.

SEGREGATION OF DUTIES

We recommend at least one other individual be assigned to property sales processes. Adequate segregation of duties is essential to establishing a secure control system. Having one individual responsible for all aspects of an operation—particularly an operation of this magnitude—grants excessive control and responsibilities to that person. We recommend that this be remedied as soon as is possible.

LACK OF FORMAL AND/OR CURRENT AGREEMENTS

In regard to land leases, the department should obtain updated agreements and contact information for any companies involved. Management should also ensure that the correct amounts are received by the department in accordance with the agreements. Documentation of correspondence and verification should be kept in records to ensure the City can prove that its obligations, as applicable, have been met. The management of the department may want to consider consulting with City's Department of Law.

AUDITEE RESPONSE

Accept. The Finance Department's use of the numbering system for sales is indeed antiquated, and was developed to help manage manual recordkeeping. The department now has more resources that would allow for better and more consistent recordkeeping and reporting. Current electronic systems can utilize other data points such as parcel numbers to properly track sales and electronically store documents, and workflows will be built to accommodate the Controller's recommendation. Additionally, positions have been added to the Three Taxing Bodies budget for 2022 that will allow for assistance in input of data and cross-training.

FINDING #3: INSUFFICIENT OBSERVATION OF ESCROW ACCOUNT

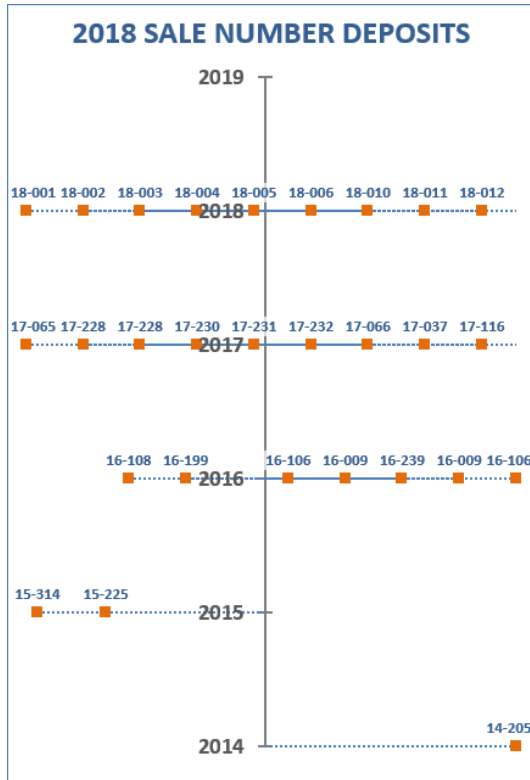


Figure 3: 2018 Sale Number Deposits.

illustation of the origin dates of sales deposits made into the Escrow Account in 2018. As noted in the section of this report [TESTING OF TRUST FUND REVENUES AND EXPENDITURES](#), the department names individual transactions in **YY-[SALE NUMBER]** format. This organizational procedure indicates that sales that originated as far back as 2014 were deposited into the Escrow Account in 2018. In 2019, we noted a sale number starting with “06,” indicating an origination date in 2006. This pattern of sales numbers does not seem to align with the processing times stated in the department’s procedures.

We also noted a deposit for a land lease payment into the Escrow Account made on February 27, 2020, that should have been, per resolution, deposited into the trust fund account. As noted earlier in this report, Resolution 534 permits use of the Escrow Account only to hold money from completed sales or refund money from invalid sales. It is important to consider that funds held in escrow of an invalid sale should be returned; therefore, if a system is not in place to track this process, invalid-sale transactions could go unnoticed.

RECOMMENDATION

If the department does not track and reconcile transactions by type, locating and resolving individual transactions will become difficult over time. We recommend that the department implement a procedure for documenting the types of funds designated for the trust fund versus the Escrow Account. Part of this system should include a review of compliance to resolution.

Also, the Escrow Account needs to be reconciled at least once per year to ensure that funds are properly distributed—transferred to the trust fund, forfeited, or refunded. This process could harmonize with an updated sale numbering system to flag what funds need to be moved (see [Finding #2](#)).

The department has noted that staffing is an ongoing concern; however, an operation like this should be administered by at least two departmental representatives.

AUDITEE RESPONSE

Accept. The Finance Department is currently implementing further utilization of the eProperties Plus database, which electronically manages the property inventory for the Three Taxing Bodies. This system has capabilities of tracking financial data, and sales statuses, which can be exported for reporting purposes. This system will further eliminate the need for the antiquated sales numbering system, and the use of paper files, as documents can be attached electronically to individual parcels.

ADDENDUM

Fiscal auditing is an essential process in constructively reviewing financial operations. The process allows for the discovery of opportunities to build up and strengthen the financial functions of the City's trust funds. Fiscal auditors provide an opinion of the financial accuracy of the management of trust funds. The procedures of each audit can include but are not limited to risk assessments; legislative research and review; and testing of departmental documentation of financial records and, as necessary, policies and procedures.

The results of the Controller Office audits are kept in record and reviewed regularly. If the auditee disagrees with the recommendations made by the Office of the Controller, the auditee is advised of the responsibility for accepting the potential risks of that decision. If the auditee agrees, follow-ups are performed on any recommendations made until evidence is given showing that the identified risks are resolved. Fiscal audit reports and follow-ups can be viewed on the Controller portion of the City of Pittsburgh's website under [Fiscal Audits](#).