



MEMORANDUM

DATE: January 17th, 2012
TO: Rich Englehart, Acting City Manager
Claudia Hazelhurst, Human Resources Director
FROM: Jodi Romero, Financial Operations Director *WR*
RE: Tax Compliance Operation
CC: Jay Valentine, Financial Operations Manager

Summary

Over the last year and a half, we have continued to evaluate how best to accomplish the priorities of the Tax Compliance operation within the Financial Operations Division. Those priorities are guided by City Council Resolution No. 45-04 regarding a "Sales tax enforcement, collection, and delinquency policy for the City of Grand Junction." As stated in the Resolution the foundation for collection of taxes is a voluntary compliance system, therefore our goal is to achieve the highest possible degree of voluntary compliance. "The fair and effective administration of the City tax laws assures that all vendors are held to the same level of responsibility and thus creates a "level playing field" for all involved."

Our system has a three-pronged approach; first we try to educate and support the taxpayer business as much as possible through education classes, on-line information, written materials, and direct personal assistance in person, over the phone, and via e-mail; second through our sales tax enforcement efforts we ensure that there is a high level of compliance within our licensed businesses which includes filing the required returns on-time and with full payment; third we need to ensure through our audit program that the City tax laws are being followed and all taxes due the City are being charged and remitted correctly. As the City organization overall is experiencing challenges, we are also challenged in Financial Operations with limited resources available to dedicate to these functions. With that said, I still believe thanks to the efforts of Elizabeth Tice (Auditor/Analyst), Lori Bang (Taxpayer Support Specialist), and Pam Coombs (Senior Administrative Assistant) that we have made great improvements in all of these compliance areas.

After the implementation of major changes as well as numerous minor adjustments, the following is a summary of current responsibilities and operations: Customer Service, led by Debi Overholt (Customer Service Supervisor) is responsible for the accuracy of the data in the sales tax system through the processing of the majority of sales tax returns on a monthly, quarterly and annual basis, as well as an initial point of contact for new sales tax accounts and licensing and maintenance of account information.

The Tax Compliance Operation, led by Elizabeth Tice is responsible for tax support and information, audit & compliance, enforcement, and administration of various tax programs. While not exhaustive the following describes some of Lori Bang's main responsibilities; primary information resource for taxpayers, enforces and collects non-sufficient checks on sales tax accounts, ensures proper licensing of businesses, verifies tax compliance for liquor licensing hearings, first level of delinquency identification and enforcement.

Although the only administrative support staff for all of Financial Operations, the strong majority of Pam Coomb's work is in the Tax Compliance Operation, which I believe falls well within a senior administrative assistant's job description. The following describes some of Pam's main responsibilities in tax compliance; new account authorization and set up, new vendor welcome packets, refund processing, overpayment notices, revocation and voluntary closure of accounts, and collection and monitoring of E911 revenue surcharges. Pam also maintains a variety of critical databases including E911 surcharge, initial use tax, and construction use tax.

Elizabeth Tice, is responsible for managing all aspects (education, enforcement, audit) of the Tax Compliance Operation. **Education**; presents taxpayer education classes either separate or in coordination with the Business Incubator and the State of Colorado; supervises other's education and communication with taxpayer **Enforcement**; supervises taxpayer support and initial enforcement efforts; executes advance enforcement measures including garnishment, warrant, seizure, and public auction. **Audit**: As the only auditor, solely responsible for all audit activities including conducting independent audits; managing contracted external auditors; writing narrative reports including procedures, findings, and determinations; research and interpretation of all applicable tax laws; coordination of all communication with taxpayers; and providing recommendations to the Financial Operations Director, City Attorney, and City Manager.

Elizabeth plans, prioritizes, assigns, supervises and reviews the work of the Taxpayer Support Specialist and the Senior Administrative Assistant. She has provided guidance and coaching, coordinated training, worked to correct deficiencies, and prepared performance evaluations under the guidance of Jay and myself.

Request and Recommendation for Reclassification of Auditor/Analyst Position

Currently the Taxpayer Support Specialist reports to Jay Valentine, Financial Operations Manager and the Senior Administrative Assistant position reports to me. I do not believe this reporting structure best supports the Tax Compliance Operation or the employees. I am recommending a reclassification of the Auditor/Analyst position to a supervisory level with the appropriate pay adjustment. My recommendation would be a 5% increase as a minimum. This of course entails the official assignment of the Taxpayer Support Specialist and the Senior Administrative Assistant to the supervisor position. We can discuss appropriate titles at a later date (Tax Administrator, Tax Compliance Supervisor, etc.), as we have agreed before the title is not as important as the alignment.

As described above, Elizabeth in her Auditor/Analyst position, is for all intents and purposes functioning now as a direct supervisor for both Lori and Pam, and has management responsibilities for the Tax Compliance Operation. Elizabeth has taken on these responsibilities willingly and has fully committed herself to the supervision, management and development of

these employees, as well as the direct responsibility for the success of the Tax Compliance Operation.

For example, one of the more recent changes we have made was to move Lori upstairs. There were still deficiencies in the enforcement function, and Elizabeth along with Jay and myself agreed that this change would give Lori the best chance for success in her position as Taxpayer Support Specialist. Over the last 3 months, Elizabeth then dedicated a significant amount of her time and efforts in working directly with Lori to ensure she had the training and feedback (all provided by Elizabeth) necessary to better understand her role and responsibilities. Elizabeth provided Jay and I with the appropriate documentation (in the form of a performance evaluation) and assessment of Lori's performance resulting in our collective recommendation to move her to proficient status. The end result of this was a much more satisfactory work environment for Lori and a better job performance benefitting the employee and the organization overall.

Another example; because of the continual changes over the course of several months, Elizabeth identified that Lori and Pam were struggling to understand the overall purpose of Tax Compliance. As an answer, she scheduled a full day work session with Pam and Lori to identify purpose and stakeholders and to develop a mission, objectives, and detailed responsibilities for the operation. In addition to being a valuable team building exercise, this resulted in a clearer understanding of not only the purpose of what they are doing but the importance as well. The results of this work session include developing a mission statement and guiding principles; "fair and equitable", "transparent", "consistent", "resourceful", and "efficient".

I believe both of these examples support and confirm Elizabeth's supervisor capabilities including all components of the City's performance dimension for Staff Management; Operational Management and Planning-*scheduling, financial management, controlling, problem solving*; Leadership Ability-*establishing direction, aligning people, motivating and inspiring, appropriate situational leadership, and empowerment*; Employee Development-*performance management, goal setting, employee appraisals, quarterly meetings with employees, tracking performance examples, career planning*.

In conclusion, I would request that the Elizabeth as the Auditor/Analyst receive a reclassification to a supervisory status. She has taken an introductory course to supervision and I believe Human Resources will recommend more formal training to give her all the tools she can use in this role, which I would strongly support.

Please let me know how we can proceed and of course I am happy to sit down and discuss with you at your convenience.

Thanks,
Jodi

