



SAMA
QUALITY ASSURANCE

Property Assessment Audits In Saskatchewan

**A Guide for
Municipal Administrators,
Assessors, Assessment Appraisers and
Valuation Service Providers**



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Overview

'Property Assessment Audits in Saskatchewan' is written to provide stakeholders (i.e. municipal administrators, assessors, assessment appraisers, and assessment valuation service providers) a guide on assessment audits, and the requirements for them that are undertaken in Saskatchewan by SAMA.

The requirements for audits are subject to change, therefore, please note the effective date of this document. It is found on the bottom of the cover page. Please ensure the date on this copy reflects the most current version, which can be done by referencing the current copy on SAMA's website.

Background

The Saskatchewan Assessment Management Agency (SAMA or agency) is the regulatory agency responsible for property assessment in Saskatchewan. SAMA's independent Quality Assurance Division (QA) is responsible for the Roll confirmation process, undertaking assessment audits (Confirmation and Primary audits) to ensure that municipalities' assessments are prepared and administered in accordance with the requirements set out in applicable legislation. Additionally, QA is also responsible for undertaking Secondary Audits (detailed or comprehensive audits concerning matters of property assessment statutory compliance), and undertaking any review assigned by the SAMA Board of Directors.

This Guide is intended to help users understand the assessment audit requirements and procedures through the discussion of the following audits:

- Primary Audit;
- Confirmation Audit; and,
- Secondary Audit

Important Abbreviations in this Document

The following abbreviations are used throughout this Guide:

- **AMAA** - *The Assessment Management Agency Act*;
- **Board** - SAMA Board of Directors;
- **Gazette**- The Saskatchewan Gazette;
- **GIL** - Either provincial or federal grant-in-lieu (exempt) tax status;
- **QA** - Quality Assurance, or Quality Assurance Division;
- **Return** - Assessment Return (pursuant to the municipal Acts);
- **Roll** - Assessment Roll, or Municipality's Assessment Roll;
- **SAM** - Saskatchewan Assessment Manual.

The current version of this Guide and related forms are available on the SAMA website www.sama.sk.ca

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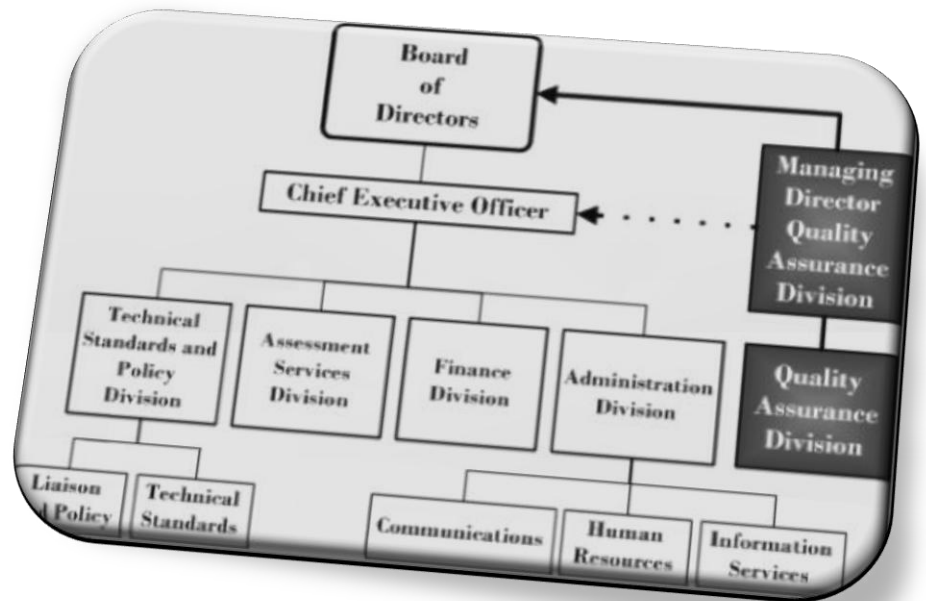
1.0 PROPERTY ASSESSMENT AUDIT INFORMATION GUIDE

1.1 PURPOSE

The purpose of this Guide is to outline the various assessment audits conducted by SAMA's QA Division, as well as the general requirements for those audits. The Guide also outlines relevant legislation¹, and the policies adopted and approved by the Board.

1.2 QUALITY ASSURANCE ACCOUNTABILITY AND INDEPENDENCE

SAMA's QA Division is independent from the rest of the agency. It has no involvement with either property assessment valuation, or the setting of policy respecting property assessment valuation. QA is accountable directly to the Board. QA's main responsibilities include undertaking assessment audits for statutory compliance, and the administration and management of the Roll confirmation process.



The Managing Director of QA reports directly to the Board respecting all functional QA matters. The organization chart above illustrates QA's (dark shaded boxes) accountability and relationship lines.

The Board acted upon feedback received from its Confirmation and Audit Hearings, and found it was necessary to ensure a reasonable amount of independence is assigned to the QA function. Independence was identified as an important consideration for oversight audits of statutory compliance. This addressed the potential or perceived issues of audit bias and fairness that could affect all municipalities, whether or not they receive valuation services from SAMA, independent service providers or undertake that service within their own jurisdiction. It is important to note that any issues or concerns related to QA matters should be directed to the Managing Director of QA, rather than the CEO of SAMA. The Managing Director of QA only reports to the SAMA CEO regarding administrative matters (budget, staffing, office space, etc.).

¹ All legislation that has been either referenced or quoted herein, had an effective date of July 27, 2011.

1.3 QUALITY ASSURANCE VISION, MISSION, PRINCIPLES

In April 2009, the Board adopted by motion the following Vision, Mission, and Principles statements relating specifically to the QA (oversight) mandate of the agency regarding property assessments in Saskatchewan. The Vision, Mission, and Principles establish the Board's position and expectations regarding the property assessment audit mandates, and the efforts undertaken by QA in conducting these audits.

Vision

The SAMA Board, through its independent and directly accountable QA Division, fosters public trust by ensuring property assessments meet prescribed statutory requirements.

Mission

To provide unbiased, responsive, professional and collaborative audits of mass appraisal valuation processes and municipal Rolls through an independent and directly accountable QA Division.

Principles

- ✓ **Accountability** Defines responsibility relationships. The principle of accountability requires a reasonable accountability framework be adopted and implemented, addressing both the auditor (QAD) and the auditees (Municipalities and Assessment Service Providers [ASPs]) to ensure a functional property assessment oversight program.
- ✓ **Transparency** Defines what shall be undertaken (the QA audits, and provision of information), by whom, what results are reported and when, and to whom those results shall be reported, to ensure confidence and trustworthiness in the property assessment oversight program. Further, this principle requires clearly establishing the authority, who(m) shall be solely responsible for the interpretation and adjudication of audit findings, with full independence for such undertaking from all auditees.
- ✓ **Fairness** Defines the requirement for a consistent and impartial property assessment oversight program, and that the programs be undertaken by the auditors in a manner to ensure unbiased, and legitimate treatment of all auditees. Further, this principle addresses a broader desire of the agency, to provide auditees with the opportunity to improve their property assessments where identified by the program, on a continual improvement basis, without the fear of statutory reprisal for error where the order of magnitude is deemed largely compliant.
- ✓ **Equity** Defines the focus on property assessment equity (similar properties in similar markets are valued and assessed similarly), ensuring the desired outcome in an ad valorem system (This principle does not extend to equity in property taxation.)
- ✓ **Sustainability** Defines the need to have an ongoing, functional, and operational property assessment oversight program, ensuring the Board has access to reliable, and timely information concerning property assessments for purposes of advising Stakeholders that they may have general confidence and trust in municipal assessments. This principle addresses the need to ensure the property assessment oversight program does not adversely affect the ability of auditees to carry on their day-to-day functions.
- ✓ **Confidentiality** Defines the need for the auditor to keep confidential, all audit working files, including data and information provided to the auditor by the auditee. This principle sets out the requirement to specify what shall be confidential (i.e. source audit data, and working files), and what information shall not be confidential (i.e. audit reports). The purpose of this principle is to ensure the ongoing stability of Rolls, which may be subject to adverse consequences if the auditor released certain data and/or information publicly.

Should you have any questions, concerns, or suggestions regarding QA, or the audit work undertaken by QA, you may contact (in confidence) Gordon Senz, Managing Director of QA (306) 924-8008.

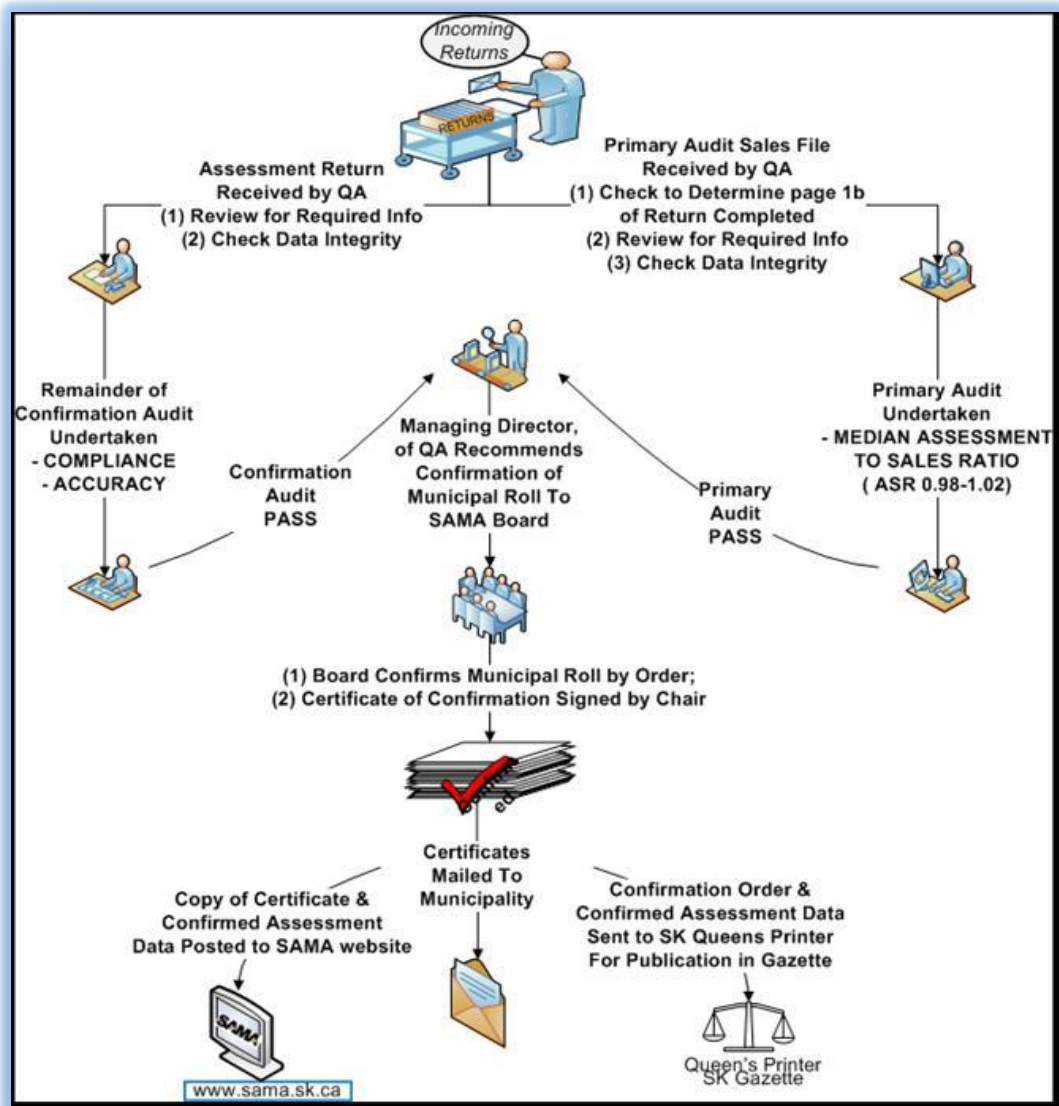
1.4 OVERVIEW OF QUALITY ASSURANCE RESPONSIBILITIES

The *AMAA*, and municipal Acts place specific duties on SAMA respecting oversight duties respecting assessment valuation and assessment Rolls. These include ensuring that:

- a. Assessment Rolls are accurate and compliant with statutory requirements; and,
 - This responsibility is undertaken on behalf of the Board through QA by conducting Primary and Confirmation Audits, in support of the municipal assessment Roll confirmation process.
- b. The valuation of property for assessment purposes (mass appraisal) has been undertaken pursuant to applicable legislation, regulations and Orders.
 - This responsibility is undertaken on behalf of the Board through QA by conducting Secondary Audits, which are comprehensive (detailed) audits that focus on the area(s) of potential statutory non-compliance.

The adjoining illustration provides a simplified overview of the confirmation process referred to above in item “a.”

Sections 2.0 and 3.0 of this guide provide more detail and information respecting the Primary and Confirmation Audits. Section 4.0 addresses the Secondary Audits referred to in item “b” above.



2.0 PRIMARY AUDIT

2.1 OVERVIEW

The Primary Audit is conducted annually, for all municipalities. In order for a municipality's Roll to be confirmed, it must pass the Primary Audit (in addition to the Confirmation Audit). The Primary Audit is conducted as a high level (general) audit to determine the municipality's overall level of appraisal. The audit for the municipal level of appraisal is based exclusively on non-regulated, improved residential and commercial properties. The Primary Audit does not test the assessments for regulated property, or vacant land. The Primary Audit is a general assessment (mass appraisal) equity test based on the overall assessment to sales ratio (ASR).

An ASR ratio is calculated by dividing the assessed value for each improved residential and commercial sale used in the mass appraisal of properties for the Municipality, by its adjusted sales price. The resulting ASR ratios are then arrayed from lowest to highest and the median (middle) ratio is then selected as the median assessed value to adjusted sale price ratio. If the Primary Audit based ASR falls within a range of 0.98 to 1.02 inclusive, as required by the AMAA Regulation A-28.1 REG 1, the Primary Audit is deemed to have met statutory requirements. The Primary Audit Report is then provided to the municipality and posted on the SAMA website. The Primary Audit does not report on any other mass appraisal statistic besides the overall median ASR for the municipality.

The requirement of a Primary Audit as a prerequisite for confirmation is set out in the AMAA:

Powers and duties

"12(1) In addition to any other duty imposed on it by this Act or the regulations, the agency shall:

(p) confirm, by order, the Roll according to the provisions of the appropriate municipal Act if satisfied that the roll is accurate and that the provisions of the applicable municipal Act have been complied with, after conducting any review or audit that the agency considers appropriate, including a primary audit within the meaning of section 22.1;"

The specific legislation respecting the Primary Audit is set out in the AMAA:

Assessment Audits

22.1(1) In this section and in sections 22.2 and 22.3:

"(a) "applicable audit requirements" means:

(i) for a primary audit, the audit requirements mentioned in subsection (2);

(d) "median assessed value to sale price ratio" means the median assessed value to sale price ratio as determined pursuant to the assessment manual established pursuant to clause 12(1)(d);

(2) For residential and commercial buildings and structures together with the land on which they are situated, the agency shall conduct a primary audit each year to ensure that the overall level of appraisal for a municipality falls into the acceptable range, as prescribed in the regulations, of the median assessed value to sale price ratio for the sales used to determine the assessed value for the applicable properties in the municipality."

Section 22.1(1)(d) refers to the "median assessed value to sale price ratio" as determined according to the SAM. Section 1.1.7 in the SAM (*Level of Assessment*) sets out the procedure to calculate this ratio (Appendix A).

2.2 REQUEST FOR PRIMARY AUDIT INFORMATION

The Primary Audit is conducted annually (once per year) on receipt of the initial Return from a municipality, and undertaken for all municipalities (as defined in the three municipal Acts) in Saskatchewan. The Primary Audit is not undertaken for subsequent (i.e. supplementary) Returns in the same year.

Although legislation holds municipalities responsible for providing the required Primary Audit information to SAMA, QA recognizes that the majority of municipalities do not have that information. That information is typically in the possession of the municipality's assessment valuation service provider. Therefore, the Return includes a section called "Primary Audit Data Municipal Declaration" to be completed by all municipalities (Appendix C). Municipalities are required to indicate in the Declaration how the required Primary Audit information will be provided to QA. The options include:

- Via regular mail (e.g. CD sent by mail);
- Electronically (e.g. via email); or,
- From the municipality's valuation provider (e.g. SAMA Assessment Services).
 - In this case the municipality indicates that its valuation service provider has been directed to deliver the Primary Audit information directly to QA on behalf of the municipality.

The municipality acknowledges that QA will rely on that information for the Primary Audit in the declaration, which enables QA to legally accept and use the Primary Audit files directly from the valuation service provider on behalf of the municipality.

The Primary Audit information should be provided to QA at the same time that the Return is submitted. This is important to ensure that delays are avoided due to missing information from the municipality. If the required information is not received with the Return, QA will contact the municipality for that information. Information not provided to QA in a reasonable timeframe, may require that QA serve written statutory notice on the municipality and its assessment valuation provider (where applicable), requiring them to provide the Primary Audit information to QA. The municipality and its assessment valuation provider will have 30 days to comply with the request. Legislation permits SAMA to withhold confirmation of a municipality's Roll until the information is received. That provision is found in section 22.1 (4) of the *AMAA*:

"(4) By serving written notice on a municipality and its assessment appraiser, the agency may require that the municipality and its assessment appraiser provide to the agency any information that the agency considers necessary to conduct a primary audit or secondary audit or to carry out a duty mentioned in clause 12(1)(l), (l.1), (n) or (p)."

2.3 PRIMARY AUDIT DATA REQUIREMENTS

The "Primary Audit sales file" must be provided in the specified Excel spreadsheet file format. The Primary Audit sales file schema is available on the SAMA website under the Roll Confirmation tab, and is also specified on page 1b of the assessment Return (Appendix C). In general, the file must include the following information:

- The sales file must contain all of the data as set out in the Primary Audit Sales Schema (file layout) for each individual sale;
- All sales used to calculate the assessed values for improved residential and commercial properties using the formulas, rules and principles as set out in the Saskatchewan Assessment Manual must be submitted. The requirement for all sales also includes all of the sales used from any other municipalities for purposes of valuing the subject municipality; and,
- Sales for the following calculations **shall not** be included in the Primary Audit sales file:
 - ✘ Land values or adjustments to land values;
 - ✘ Abnormal functional or economic obsolescence; and
 - ✘ Other improved property adjustments.

2.4 PRIMARY AUDIT PROCEDURES

In conducting Primary Audits, QA will first determine if all the required information has been provided. QA may conduct tests to ensure that sales have not been inadvertently duplicated, and to ensure that the corresponding data for each sale is generally acceptable. However, the Primary Audit does not address the accuracy or compliance of individual property assessments, the adjusted sale prices or any other data reported. QA will calculate the median ASR at the municipal level, and then compare the result against the provincially regulated ASR range. When completed, QA will provide the municipality and their assessment service provider (where applicable) with a Primary Audit report, which states whether the municipality's level of appraisal falls within the prescribed range [0.98 to 1.02].

If after consulting with the municipality and its assessment service provider, the municipality's level of appraisal is not within the prescribed range, then the Audit Report must state the corrective actions to be taken, in order to comply with the applicable audit requirements (i.e. the regulated range). Section 22.1 of the *AMAA* sets out the audit report content:

*(9) Every audit report must state:
 (a) whether or not the municipality's assessments are in compliance with the applicable audit requirements; and
 (b) if the municipality's assessments are not in compliance with the applicable audit requirements, the corrective action to be taken by the municipality to comply with the applicable audit requirements.*

2.5 PRIMARY AUDIT DELIVERY

The *AMAA* requires each municipality (and its assessment service provider where applicable) to submit a Primary Audit sales file to QA on an annual basis. QA may request the Primary Audit data in writing if it has not been voluntarily provided by the time that the initial annual Return is received. According to legislation, QA must deliver its Primary Audit report to the municipality within 60 days of having received audit information resulting from a statutory written request. In cases where audit data is received without a formal written request, QA will make every attempt to deliver its Primary Audit

report within the same 60-day time frame. Primary Audit data received from a valuation provider in advance of the annual Return cannot be processed until the annual Return is submitted with the completed Primary Audit Information Declaration (Appendix C). This declaration allows QA to accept Primary Audit data from the municipality's valuation service provider on behalf of the municipality. In these cases, the date this authorization is received will constitute the starting date for the 60-day Primary Audit reporting period. Providing QA with the required Primary Audit Sales data in advance of the Return (when available) will assist in expediting a portion of the confirmation process.

2.6 PRIMARY AUDIT CONSULTATION PROCESS

The *AMAA* requires that every Primary Audit report state whether the assessments are in compliance with audit requirements, and if not, state corrective actions to be taken by the municipality to comply with applicable audit requirements. In the event of non-compliance, QA will consult, to the extent that is reasonably possible, with the municipality and their assessment service provider (where applicable) prior to finalizing the audit report to ensure that the municipality and their assessment service provider have:

- An understanding of the audit finding(s);
- An understanding of potential corrective action(s) that may be required; and,
- Reasonable time to address the audit finding(s) before finalization of Primary Audit Report.

This process is meant to encourage continual improvement of property assessments in Saskatchewan.

2.7 DELIVERY AND ELECTRONIC POSTING OF THE PRIMARY AUDIT REPORT

QA is required to post every Primary Audit Report on the SAMA website 60 days after the report has been delivered to the municipality and its assessment service provider (where applicable). When corrective actions are required by the Audit Report, the municipality is required to undertake the corrective actions before the end of the taxation year, or if there is insufficient time for the municipality to comply within the same taxation year, then before the end of the following taxation year. When a municipality undertakes corrective actions, it is required to provide a written report to QA detailing those corrective actions. If a municipality takes corrective action within 60 days of receiving the audit report, the electronic posting of the Primary Audit report will include an addendum (the municipality's written report, if provided to QA within the 60 day time frame) to reflect the corrective action taken by the municipality.

2.8 PRIMARY AUDIT CORRECTIVE ACTIONS - COMPLIANCE

If a municipality does not comply with the corrective action(s) set out in the audit report, it will result in the municipal Roll not being recommended for confirmation. If not confirmed by the Board, non-confirmation would result in the situation where the municipality would be unable to recover taxes pursuant to *The Tax Enforcement Act* until the Primary Audit receives a pass, and the Board confirms the affected Roll. Section 22.1 of the *AMAA* sets out the duty on the municipality respecting corrective actions for non compliance:

(10) On receipt of an audit report, if the municipality's assessments are not in compliance with the applicable audit requirements, the municipality shall:

- (a) take corrective action to comply with the applicable audit requirements:*

 - (i) before the end of the taxation year; or*
 - (ii) if there is insufficient time for the municipality to comply with the applicable audit requirements before the end of the taxation year, before the end of the following taxation year; and*

- (b) submit a written report to the agency of the corrective action taken by the municipality to comply with the applicable audit requirements.*

Please refer to section 3.6 in this Guide “Statutory Effect of Roll Confirmation” to review the applicable legislation concerning the outcomes of confirmation, whether provided or withheld.

3.0 ROLL CONFIRMATION

3.1 OVERVIEW

The Board through QA has a duty to confirm municipal assessment Rolls if satisfied with the Confirmation Audit, and the Primary Audit results. This is done in accordance with the applicable municipal Acts when satisfied that the Roll is accurate, and compliant with statutory requirements. Although the agency, through QA, may conduct any audit or review considered appropriate in order to confirm municipal assessment Rolls, the general practise involves undertaking defined Confirmation Audit on all municipalities. The Board passed and adopted a Confirmation and Audit Policy, which sets out the syllabus of the Confirmation Audit. The provision for Roll Confirmation Audits is found under the **“Powers and duties”** section 12(1)(p) of the AMAA:

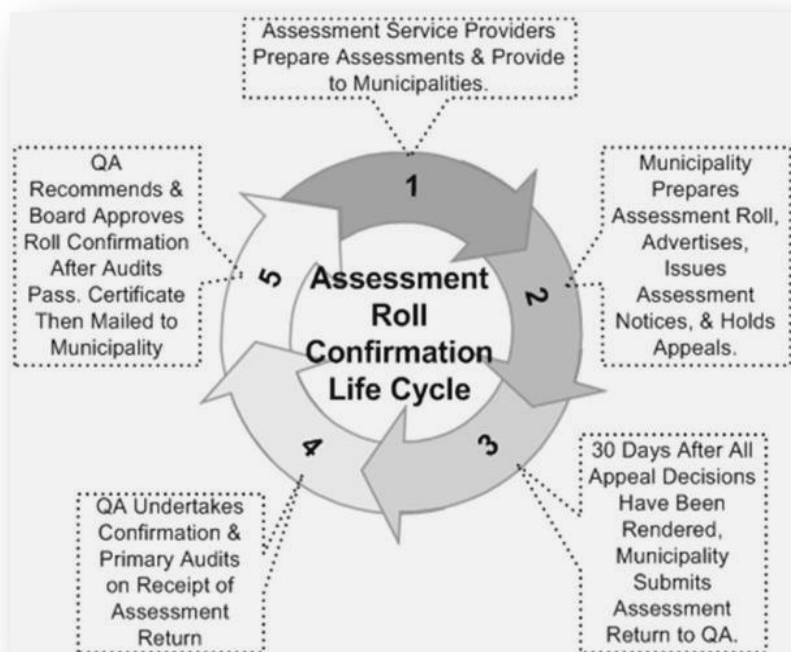
*“12(1) In addition to any other duty imposed on it by this Act or the regulations, the agency shall:
 (p) confirm, by order, the Roll according to the provisions of the appropriate municipal Act if satisfied that the roll is accurate and that the provisions of the applicable municipal Act have been complied with, after conducting any review or audit that the agency considers appropriate, including a primary audit within the meaning of section 22.1;”*

in addition to the following three municipal Acts:

<i>The Cities Act</i>	<i>The Municipalities Act</i>	<i>The Northern Municipalities Act, 2010</i>
<i>“228 (2) Notwithstanding that there may be further appeals pending, the agency, on receipt of a return and after making any inquiries that it considers advisable, may confirm the assessments in the roll as the assessment of the city as at the date of the return.”</i>	<i>“258 (2) Notwithstanding that there may be further appeals pending, the agency, on receipt of a return and after making any inquiries that it considers advisable, may confirm the assessments in the roll as the assessment of the municipality as at the date of the return.”</i>	<i>279 (2) Notwithstanding that there may be further appeals pending, the agency, on receipt of a return and after making any inquiries that it considers advisable, may confirm the assessments in the roll as the assessment of the municipality as at the date of the return.</i>

The Primary and Confirmation Audits typically occur near the end of the life cycle of an assessment Roll. The adjacent diagram illustrates the general life cycle from the inception of individual assessments, through to the municipality receiving the Certificate of Confirmation.

For simplicity, many other steps are undertaken but are not illustrated. For example, QA annually prepares, and mails out Returns (for the current year) to all municipalities, that were confirmed for the previous year.



3.2 THE RETURN - FORM

All three of the municipal Acts require that municipalities report information such as aggregate assessment totals, changes made to the Roll since it was last confirmed, and any other information required by SAMA.

Municipalities report the changes and information in a form called the Assessment Return.



The legislated reporting requirements by municipalities are set out in the three municipal Acts as follows:

<u><i>The Cities Act</i></u>	<u><i>The Municipalities Act</i></u>	<u><i>The Northern Municipalities Act, 2010</i></u>
<i>“228(1) On or after January 1 of the year to which the assessment roll relates, the assessor shall make returns to the agency, in the forms and at times required by the agency, showing: (a) the particulars of any alterations that have been made in the assessment roll since it was last confirmed by the agency; and (b) any additional information related to the particulars mentioned in clause (a) that may be required by the agency.”</i>	<i>“258(1) On or after January 1 of the year to which the assessment roll relates, the assessor shall make returns to the agency, in the forms and at times required by the agency, showing: (a) the particulars of any alterations that have been made in the assessment roll since it was last confirmed by the agency; and (b) any additional information related to the particulars mentioned in clause (a) that may be required by the agency.”</i>	<i>“279(1) On or after January 1 of the year to which the assessment roll relates, the assessor shall make returns to the agency, in the forms and at times required by the agency, showing: (a) the particulars of any alterations that have been made in the assessment roll since it was last confirmed by the agency; and (b) any additional information related to the particulars mentioned in clause (a) that may be required by the agency.”</i>

The information that must be reported pursuant to the statutory requirements (as quoted above), must be reported in the form called the “Assessment Return.” The Return is established by SAMA through a Board Order. The Order, once approved by resolution of the Board, is then sent to the Queen’s Printer for publication in The Saskatchewan Gazette, thus making the Return law, or a legal requirement. This also applies to “**when**” municipalities are required to submit a completed Return to SAMA. The following provision is quoted from s. 12(1) in the AMAA:

“(o.1) for the purposes of confirming the assessment roll pursuant to the appropriate municipal Act, establish, by order, the return form and the times by which the return form must be submitted to the agency each year;”

The Order of the Board, as published in the Gazette on March 13, 2009, setting out the form of Return, and the requirements for when to submit the Return follows:

“FORM AND SUBMISSION TIMES FOR ASSESSMENT RETURNS

This is an Order pursuant to clause 12(1)(o.1) of The Assessment Management Agency Act, establishing the form of the assessment return and the times by which the assessment return must be submitted to the Saskatchewan Assessment Management Agency (the “Agency”).

1 Each municipality will make its assessment return to the Agency in the attached form entitled “[year] Assessment Return”.

2 SAMA will complete the [year] and [name of municipality] fields on the forms with the appropriate year and municipality name.

3 Each municipality will submit an initial assessment return to the Agency no later than 30 days:

(a) where there are no appeals, from the date that the time for appealing assessments has expired; or

(b) where there are appeals, from the date that the board of revision has rendered its decision on all appeals with respect to the assessment roll when it was struck for the year.

4 Each municipality will submit an additional assessment return to the Agency no later than 30 days from the date the municipality’s board of revision has rendered its decision on all appeals respecting initial assessments or additional assessments placed on the assessment roll after the initial roll was struck.

Dated at Regina, Saskatchewan, on February 26, 2009.

Craig Melvin, Chair, Saskatchewan Assessment Management Agency.

Irwin Blank, Board Secretary.”

A copy of the current and previous year example Returns may be viewed on the SAMA website, under the Roll Confirmations/Forms tab for reference purposes.

The Return is the principal document on which the Confirmation Audit is based, however, much more data and information is generally involved besides the Return. The Board’s policies respecting the content of and filing of Returns are as follows:

- The initial Return is to be filed within 30 days after the Board of Revision has concluded its business and rendered its decisions;
- Supplementary Returns need to be filed not later than January 31st of the following year;
Note: This policy was approved by the Board to ensure that the aggregate confirmed assessment totals that are reported by SAMA pursuant to clause 12(1)(n) of the AMAA would be as accurate and up-to-date as possible for the March 1st reporting deadline. Any outstanding Returns (outstanding initial or supplementary Returns as at January 31st for the previous Roll year) will be processed, however, not in sufficient time to accommodate the March 1st statutory reporting requirement.
- The Return will only require the information and data needed to conduct confirmation and Primary Audits;
- QA will endeavour to process all Returns within 90 days of receipt, on a first in – first out basis, and strive to meet an objective of having confirmed the majority of the Returns by January 15th of the succeeding year.

In order for a Roll to be approved for confirmation, the following requirements must be satisfied:

- A Return has been provided to QA in the required form;

- All the information required for the Confirmation or Primary Audits have been received by QA;
- The previous year's Roll has been confirmed, including any supplementary changes to the Roll (except for those extreme cases where there is an unforeseen event which prevents the confirmation of the previous year's Roll);
- A Confirmation Audit has been conducted on the municipality's Roll and no significant errors or problems were revealed or remain outstanding; and
- A Primary Audit report has been prepared and all corrective actions have been satisfactorily addressed, if required.

3.3 CONFIRMATION AUDIT

A Confirmation Audit begins when SAMA receives the municipality's Return. The Board has adopted policies to guide the formal Roll Confirmation Audit process. In support of the Roll Confirmation process, QA undertakes the following process for all municipalities. Additional audit action or steps depend upon audit findings from this general process:

- **Required Information Review**
 - Determines whether all required information has been provided;
 - Includes a review to ensure all fields on the Return have been completed, and all copies of agreements have been provided.
- **Return Reconciliation Review**
 - Determines whether the reported assessment value changes in the current Return support the reported assessment value totals since the last confirmed totals or starting values in a revaluation year;
 - This includes a review of whether individual changes made to the Roll are accurate and statutorily compliant;
- **Assessment Notification Review**
 - Determines if and when assessment notices were mailed and if the Roll was advertised in accordance with the requirements of the appropriate municipal Act;
 - Mandatory advertisements include The Saskatchewan Gazette, and a local newspaper;
 - Determines if notices were prepared and sent out for error corrections to the Roll, pursuant to the error correction provisions of all three municipal Acts;
- **Board of Revision Review**
 - Determines if and when a Board of Revision was held;

- Whether the changes from the rendered decisions were posted to the Roll in accordance with requirements of the appropriate municipal Act;
- **Statutory Tax Exemption Review**
 - Determines if the assessor applied the statutory tax exemption provisions contained in a municipal tax exemption bylaw or an exemption provision in one of the three municipal Acts to the municipality’s assessment Roll;
 - Note: Although QA does not verify whether the tax exemption is compliant with the provisions of the three municipal Acts, it is important to identify this information to ensure SAMA’s property assessment records are current, and allows QA to report confirmed assessment totals by tax status (taxable, exempt, GIL);
 - **Corrective Actions Review**
 - Determines if a municipality has satisfactorily addressed the corrective actions from a previous year’s Secondary Audit (where applicable);
 - **Year over Year Assessment Total Variance**
 - Review the results of variation test to determine if the comparison of the last confirmed Roll total with the current year’s total is greater than 5%;
 - QA may make any enquiries of the municipality or its valuation service provider, if it deems appropriate regarding the variance;
 - Where the basis for variance is unsatisfactory, QA may require corrective actions be undertaken where appropriate, by the municipality;
 - **Agreements to Adjust Assessment**
 - Review “agreements to adjust assessment” for procedural compliance with the municipal Acts:
 - Agreements must be in writing;
 - Agreements must signed by all (3) parties (appellant, assessment appraiser, and municipality);
 - The appeal must be withdrawn on execution of the agreement;
 - The amendments made to the Roll must reflect the agreement;
 - The review does not include an audit for the accuracy, or compliance of the agreed to assessment value change(s), although this item is monitored by QA for potential Secondary Audits.

3.4 ROLL CONFIRMATION RECOMMENDATION

On successful completion of the Roll Confirmation and Primary Audits, the Managing Director of QA will recommend confirmation of the municipality’s Roll to the Board. The Board then considers the recommendation in its deliberation to confirm the Roll. When the Roll has been confirmed by the Board

through a motion, the Board Chairperson signs the Certificates. QA mails the Certificate of Confirmation to the municipality and posts a copy of the Certificate on the SAMA website.

3.5 COMMUNICATIONS

In undertaking Confirmation Audits, QA works with municipalities to resolve audit issues, where possible. QA may contact the municipal administrator, assessor, and valuation service providers to request clarification of certain entries, or to request additional data and information concerning some aspect of the Roll. Generally, the direct contact approach has been very successful, and allows QA staff to provide assistance and guidance to administrators, or assessors on a daily basis. However, occasionally significant issues arise, and it may be necessary for QA staff to escalate findings to senior QA staff. In some cases, a decision may be made based on the audit findings, to undertake a more comprehensive review of the Roll and Return. In those situations QA will notify the municipality in writing of the intent to conduct a more detailed review and the reasons for such an initiative. This would be done under the authority of the applicable legislation of each of the Municipal Acts, and clause 12 (1) (p) of the *AMAA*.

QA continually strives to assist municipalities. Through this process QA occasionally encounters requests for advice pertaining to matters outside of matters pertaining to the property assessment Roll.

(e.g. Can I exempt this property? How? or Can I, or do I have to rebate taxes because of a particular error? How? Etc.)

Since SAMA, and QA cannot address matters of property taxation, these types of questions would be referred to the Ministry of Municipal Affairs – Sector Relations (aka Advisory Services). For matters pertaining to property assessment, QA will provide assistance where needed, or requested, and provide direction to municipalities.

QA encourages municipal administrator or assessor enquiries regarding assessment Roll questions or problems that arise when municipalities are completing their Returns. QA is more than happy to respond and assist with any enquiries.

3.6 STATUTORY EFFECT OF ROLL CONFIRMATION

The subsections (5) and (6) in all three municipal Acts address the effect of confirmation and confirmation status for municipalities:

<u><i>The Cities Act</i></u>	<u><i>The Municipalities Act</i></u>	<u><i>The Northern Municipalities Act, 2010</i></u>
<p><i>“228(5) On receipt of the agency’s certificate: (a) the assessor shall retain the certificate with the assessment roll; and (b) the roll as finally completed and certified is valid and binding on all parties concerned as at the date of the confirmation, notwithstanding any defect or error committed in or with respect to it or any defect, error or misstatement in any notice required by this Act or any omission to deliver or to transmit any notice. (6) Taxes levied on an assessment are not recoverable pursuant to this Act or The Tax Enforcement Act until the assessment is confirmed by the agency.”</i></p>	<p><i>“258(5) On receipt of the agency’s certificate: (a) the assessor shall retain the certificate with the assessment roll; and (b) the roll as finally completed and certified is valid and binding on all parties concerned as at the date of the confirmation, notwithstanding any defect or error committed in or with respect to it or any defect, error or misstatement in any notice required by this Act or any omission to deliver or to transmit any notice. (6) Taxes levied on an assessment are not recoverable pursuant to this Act or The Tax Enforcement Act until the assessment is confirmed by the agency.”</i></p>	<p><i>“279(5) On receipt of the agency’s certificate: (a) the assessor shall retain the certificate with the assessment roll; and (b) the roll as finally completed and certified is valid and binding on all parties concerned as at the date of the confirmation, notwithstanding any defect or error committed in or with respect to it or any defect, error or misstatement in any notice required by this Act or any omission to deliver or to transmit any notice. (6) Taxes levied on an assessment are not recoverable pursuant to this Act or The Tax Enforcement Act until the assessment is confirmed by the agency.”</i></p>

The effect of not having, or getting the municipal assessment Roll confirmed is self explanatory as outlined in the legislation.

4.0 SECONDARY AUDIT

4.1 OVERVIEW

The Secondary Audit considers property assessment matters relative to statutory compliance. Provisions for the Secondary Audit are set out under section 22.1 of the *AMAA*:

(3) The agency may conduct one or more secondary audits and may determine the frequency and method of doing so, to ensure that a municipality's assessments:
(a) are based on properly collected sales data, physical data and any other applicable data; and
(b) have been carried out in accordance with all applicable Acts and regulations and in accordance with the assessment manual and any other materials established by the agency pursuant to clause 12(1)(d).

Unlike the Primary Audits, the Secondary Audit is not mandated to be undertaken annually for all municipalities. The agency may undertake a Secondary Audit when it is deemed necessary, and then only if the Board approves, by motion, the deployment of the audit.

Generally, the Secondary Audit will only be undertaken in circumstances where there is a question, or indication of **significant** statutory non-compliance. In those situations, the Managing Director of QA will request Board approval to initiate a Secondary Audit.

4.2 PROCESS

Once the Board has approved a specific Secondary Audit to proceed, the Managing Director of QA will provide the municipality with a Secondary Audit engagement letter. It will outline the following:

- Copy of the motion passed by the Board approving the engagement of the Secondary Audit;
- An itemization of the matter(s) that the Secondary Audit will focus on;
- An itemization of the data and information required of the municipality, and its valuation service provider (where applicable); and,
- A time, date, and place for the initial audit meeting.

The letter will be prepared pursuant to section 22.1 (4) of the *AMAA*, therefore, all requested data and information must be provided to QA within 30 days.

4.3 SECONDARY AUDIT CONSULTATION PROCESS

The *AMAA* requires that every Secondary Audit report state whether the assessments are in compliance with audit requirements, and if not, state the corrective action(s) to be undertaken by the municipality. In the event of non-compliance findings, QA will consult, to the extent that is reasonably possible, with the municipality and their assessment service provider (where applicable) prior to finalizing the audit report to ensure that they have:

- An understanding of the audit finding(s);
- An understanding of potential corrective action(s) that may be required; and
- Reasonable time to address the audit finding(s) before the finalization of the Secondary Audit Report by QA.

This process is meant to encourage continual improvement of property assessments in Saskatchewan.

4.4 SECONDARY AUDIT APPEAL PROCESS

A municipality or its assessment appraiser may appeal the findings of a Secondary Audit report to the “appeal board” pursuant to Section 22.2 of *The Assessment Management Agency Act*. Such an appeal must be made within 30 days after receiving the Secondary Audit report. If an appeal is launched the audit report will not be posted to the Agency website until after the appeal has been concluded. The Appeal Board is required to issue a decision in writing within 60 days after conclusion of the appeal hearing. The decision of the “appeal board” is final. The Agency may post the decision of the Appeal Board 60 days after the appeal decision has been mailed to the municipality (and its assessment appraiser where applicable). If during the 60-day period, the municipality issues a corrective action to comply with the decision, the Agency’s posting must include an addendum to the audit report to reflect the corrective action.

A table is provided in Appendix D outlining the general steps involved with an appeal of a Secondary Audit.

4.5 SECONDARY AUDIT CORRECTIVE ACTIONS - COMPLIANCE

Notwithstanding an appeal² of the Secondary Audit to the Senior Municipal Board, where a municipality fails to comply with the corrective actions as set out in the audit report before the end of the following taxation year, taxes levied by the municipality on its assessments are not recoverable under *The Tax Enforcement Act* until the corrective actions have been undertaken.

Section 22.1(10) of the *AMAA* addresses corrective actions with respect to any audit requirements:

“(10) On receipt of an audit report, if the municipality’s assessments are not in compliance with the applicable audit requirements, the municipality shall:

(a) take corrective action to comply with the applicable audit requirements:

(i) before the end of the taxation year; or

(ii) if there is insufficient time for the municipality to comply with the applicable audit requirements before the end of the taxation year, before the end of the following taxation year; and

(b) submit a written report to the agency of the corrective action taken by the municipality to comply with the applicable audit requirements.

(11) Subject to the decision of the appeal board pursuant to section 22.2 but notwithstanding the confirmation of assessments or any other Act or law, if the municipality fails to comply with subsection (10), the taxes levied by the Municipality on its assessments are not recoverable by the municipality pursuant to the appropriate municipal Act or pursuant to *The Tax Enforcement Act* until the corrective action has been taken.”

² It is only the Secondary Audit that legislation currently allows the municipality, and assessment appraiser (where applicable) to appeal to the SMB.

Appendix A

APPENDIX A

LEVEL OF ASSESSMENT - SASKATCHEWAN ASSESSMENT MANUAL



Section: Median Assessed Value to Sale Price Ratio

Part I

Subject: Method to Determine

Procedure

Pursuant to subclause 22.1(1)(d) of *The Assessment Management Agency Act*, the median assessed value to sale price ratio shall be determined by:

1. identifying all sales used to develop the assessed value for improved residential and commercial properties in the municipality;
2. determining for each sale in (1) the assessed value of the land and improvements, which reflects the property characteristics on the sale date, and the adjusted sale price;
3. for each sale in (1), dividing the assessed value by the adjusted sale price to determine the median ratio of the assessed value to the adjusted sale price; and
4. selecting the median ratio of the assessed value to the adjusted sale price.

Appendix B

APPENDIX B

REGULATED FORM OF NOTICE-APPEAL OF SECONDARY AUDIT (Form A)

A-28.1 REG 1 ASSESSMENT MANAGEMENT AGENCY

Appendix

FORM A
[Clause 22.2(3)(a) of the Act]

Notice of Appeal to the Saskatchewan Municipal Board Secondary Audits

To the secretary of the Saskatchewan Municipal Board:

I, _____,
(name of person representing the municipality or the independent assessment appraiser)

appeal to the Saskatchewan Municipal Board the findings of the
Saskatchewan Assessment Management Agency (SAMA) on a secondary audit
of _____.
(name of municipality)

My grounds of appeal are that SAMA made an error in the preparation or content of its
audit report dated _____ respecting the secondary audit.

The material facts in support of my grounds of appeal are as follows:

(attach additional pages if necessary)

This notice of appeal is accompanied by:

- (a) a copy of the audit report of the secondary audit; and
- (b) a copy of any information provided to SAMA pursuant to subsection 22.1(4) of
The Assessment Management Agency Act (Saskatchewan).

The school divisions affected by this appeal are: _____

My address for service in connection with this appeal is:

Municipality: _____ Assessment Appraiser: _____

Employer: _____

Mailing Address: _____ Mailing Address: _____

Telephone No: _____ Telephone No: _____

Fax No: _____ Fax No: _____

E-mail: _____ E-mail: _____

Dated this _____ day of _____, _____
(day) (month) (year)

I appoint the Assessment Appraiser noted above to act as the agent for the municipality
on this appeal:

Yes No

(signature) (position)

Note: The appellant must serve this notice of appeal on the Saskatchewan Assessment Management Agency, as the respondent to the appeal. The appellant must also file this notice of appeal with the secretary of the Saskatchewan Municipal Board. On receipt of this notice of appeal, the secretary of the Saskatchewan Municipal Board must forward a copy of it to every affected school division, and to the affected municipality if the municipality is not the party that filed this notice of appeal.

30 June 2005 SR 64/2005 s4.

Appendix C

APPENDIX C

PRIMARY AUDIT DATA MUNICIPAL DECLARATION - RETURN (Page 1b)

1b.

Primary Audit Information

*Note: Only complete this section for the initial assessment return submission each year.
This section is not required for supplementary returns within the same year.*

Sections 12(1)(p) and 22.1(2) of *The Assessment Management Agency Act* (AMA Act) require that SAMA conduct a Primary Audit of each municipality once per year for assessment roll confirmation purposes, to ensure that the overall level of appraisal for a municipality falls into the range prescribed in the Regulations.

For the purposes of a Primary Audit, the municipality must submit to SAMA a Primary Audit sales file in the specified electronic format. The sales file requirements and other information respecting the Primary Audit are available in the "*Information Guide for Assessment Audits in Saskatchewan*" [on SAMA's website: www.sama.sk.ca].

The required data fields are listed in summary form below:

1. Submit_Munic_Valuation_Name	12. Sale_Transfer_Value	23. Land_Zoning
2. Submit_Roll_Year_Date	13. Sale_Adj_SP	24. Imp_Pred_COM_Const_Code
3. Submit_Contact	14. Land_Assessment_100_pct	25. Imp_Pred_RES_Const_Code
4. Prop_CAMA_No	15. Improvement_Assessment_100_pct	26. Imp_Pred_Quality_Class
5. Prop_Roll_No	16. Total_Assessment_100_pct	27. Imp_Pred_Condition_Code
6. Prop_Tax_Classification	17. ASR	28. Imp_Total_No_Units
7. Prop_School_Div_No	18. Market_Property_Type	29. Imp_Year_Built
8. Sale_Title_No	19. Market_Imp_Valuation_Method	30. Imp_Effective_Age
9. Sale_Municipality_Name	20. Market_Production_NBHD_Code	31. Condo_Registered_Bare_Land
10. Sale_Transfer_Year	21. Market_Present_Use_Code	32. Condo_Registered_Improved
11. Sale_Transfer_Month	22. Land_Area	33. Condo_Parent_Code

Source-Confirmation and Assessment Audit Information Guide in Saskatchewan (refer to guide for more details).

1. The required information is being provided to SAMA by:

(check one box only)

(a.) CD ROM (enclosed with this submission);

[Note: E-mails must be sent to: roll.conf@sama.sk.ca]

(b.) File attached to E-mail on _____ (date email sent to SAMA)

(c.) Assessment Service Provider *(if service provider is SAMA's Assessment Services, just write "SAMA")*

_____ who is directed by the municipality to provide the required information to SAMA on the municipality's behalf.

I hereby certify that the information provided is to the best of my knowledge and belief, true and correct, knowing that the information will be used by SAMA's Quality Assurance Division for purposes of conducting a Primary Audit.

Signature (Authorized Municipal Official)

Date

Name (Printed Name)

Appendix D

APPENDIX D

	Process Item	Comment
1	Municipality or assessment appraiser to serve notice of appeal on the agency as the respondent.	Appeal to be submitted within 30 days after receipt of the audit report.
2	Filing the notice of appeal with the secretary of the appeal board.	
3	Be in a form prescribed in the regulations.	Form "A" referred to in Section 3.7 of the <i>Assessment Management Agency Regulations</i> . See addendum 'B' Sets out the grounds on which it is alleged that an error in the preparation of content of the audit report exists. <ul style="list-style-type: none"> a. a copy of the audit report of the secondary audit. b. a copy of any information provided to SAMA pursuant to subsection 22.1(4) of the Act.
4	Notice of appeal to be served on the agency and filed with the secretary of the appeal board.	<ul style="list-style-type: none"> a. personally b. by registered mail, or c. by ordinary mail
5	Secretary of appeal board to forward copy of notice of appeal to:	<ul style="list-style-type: none"> a. every affected school division b. the affected municipality, if the municipality is not party that filed the notice of appeal.
6	Secretary of appeal board to:	<ul style="list-style-type: none"> a. fix a date, time and place for hearing the appeal b. provide written notification of the date, time, and place fixed for hearing the appeal to the municipality and its assessment appraiser, to the agency and to any affected school division.
7	The appeal board shall hear the appeal and may:	<ul style="list-style-type: none"> a. adjourn the hearing b. request additional information c. defer its decision
8	The appeal board on hearing the appeal may:	<ul style="list-style-type: none"> a. confirm the findings of the audit report and the corrective action to be taken b. modify the findings of the audit report and the corrective action to be taken c. reverse the findings of the audit report and set aside the corrective action to be taken.
9	The appeal board shall issue a decision.	<ul style="list-style-type: none"> a. With reasons b. In writing within 60 days after completing the hearing c. Send by ordinary mail to the municipality, assessment appraiser, agency and affected school division d. The decision of the appeal board is final
10	The appeal board confirms or modifies the findings of the audit report and corrective actions taken, the municipality shall:	<ul style="list-style-type: none"> a. Take corrective actions to comply with the decision of the appeal board b. Before the end of the taxation year, or c. If there is insufficient time, before the end of the following taxation year. d. Submit a written report to the appeal board and the agency of the corrective action taken to comply with the decision of the board.
11	If the municipality fails to comply with the corrective action.	<ul style="list-style-type: none"> a. Taxes levied by the municipality are not recoverable until the corrective action has been taken. [AMA Act ss.22.1 (11) and 22.2(13)]