

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

331



FROM: County Auditor-Controller

SUBMITTAL DATE:
January 18, 2011

SUBJECT: Internal Audit Report 2011-009: Assessor-County Clerk-Recorder, Assessment Appeals

RECOMMENDED MOTION: Receive and file Internal Audit Report 2011-009: Assessor-County Clerk-Recorder, Assessment Appeals.

BACKGROUND: The Internal Audit Division of the Auditor-Controller's Office has completed an audit of the Assessor-County Clerk-Recorder, Assessment Appeals process. The audit objective was to independently assess the adequacy of internal controls over the assessment appeals process for residential properties. We conducted the audit during the period August 30, 2010, through October 5, 2010, for operations of January 1, 2008, through December 31, 2008.

Based upon the results of the audit, internal controls were adequate and effective over the assessment appeals process for residential properties.

Paul Angulo
Paul Angulo, CPA, MA
County Auditor-Controller

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	N/A
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	N/A
	Annual Net County Cost:	\$ 0	For Fiscal Year:	N/A

SOURCE OF FUNDS: N/A	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION:

APPROVE

BY: *Karen L. Johnson*
Karen L. Johnson

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Buster, seconded by Supervisor Ashley and duly carried by unanimous vote, IT WAS ORDERED that the above matter is received and filed as recommended.

Ayes: Buster, Tavaglione, Stone, Benoit and Ashley
Nays: None
Absent: None
Date: February 1, 2011
xc: Auditor, ACR-Assessment Appeals

Kecia Harper-Ihem
Clerk of the Board
By: *Michelle Buster*
Deputy

2.5

Prev. Agn. Ref.:

District: All

Agenda Number:

ATTACHMENTS FILED WITH THE CLERK OF THE BOARD

Departmental Concurrence

Policy Policy

Consent Consent

Dept's Recomm.:
Per Exec. Ofc.:



County of Riverside

INTERNAL AUDIT REPORT

2011-009

Assessor-County Clerk-Recorder

Assessment Appeals

December 9, 2010

Office of
Robert E. Byrd, CGFM
County Auditor-Controller

4080 Lemon Street
P.O. Box 1326
Riverside, CA 92502-1326



COUNTY OF RIVERSIDE
OFFICE OF THE
AUDITOR-CONTROLLER

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COUNTY OF RIVERSIDE
AUDITOR-CONTROLLER

Robert E. Byrd, CGFM
AUDITOR-CONTROLLER

December 9, 2010

Mr. Larry Ward
Assessor-County Clerk-Recorder
4080 Lemon Street, 1st Floor
Riverside, CA 92501

Subject: Internal Audit Report 2011-009: Assessor-County Clerk-Recorder, Assessment Appeals

Dear Mr. Ward:

The Internal Audit Division of the Auditor-Controller's Office has completed an audit of the Assessor-County Clerk-Recorder, Assessment Appeals process. The audit objective was to independently assess the adequacy of internal controls over the assessment appeals process for residential properties, determine whether applications for appeals are processed timely and evaluate whether proper steps were taken to reflect fair hearing process for all residents and employees. We conducted the audit during the period August 30, 2010, through October 5, 2010, for operations of January 1, 2008, through December 31, 2008.

We conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing. These standards require that we plan and perform the audit to obtain sufficient, reliable, relevant and useful information to provide reasonable assurance that our objective as described above is achieved. An internal audit includes the systematic analysis of information and examining, on a test basis, evidence about the adequacy and effectiveness of internal controls, compliance with applicable laws and regulations, and performing other procedures we considered necessary. We believe this audit provides a reasonable basis for our conclusion.

Internal controls are processes designed to provide management reasonable assurance of achieving efficiency of operations, compliance with laws and regulations, and reliability of financial information. Management is responsible for establishing and maintaining adequate internal controls; our responsibility is to evaluate the adequacy of internal controls.

To ensure assessment appeals are processed timely, the department collaborates with the Clerk of the Board to administer the receipt and processing of assessment appeals applications. The applications are reviewed for completeness, accuracy and timeliness.

We found the internal controls were adequate and effective over the assessment appeals process for residential properties to ensure applications are processed properly and timely.

We thank the Assessor-County Clerk-Recorder management and staff for their cooperation; their assistance contributed significantly to the successful completion of this audit.

Robert E. Byrd, CGFM
County Auditor-Controller

A handwritten signature in black ink that reads "Melissa S. Bender". The signature is written in a cursive, flowing style.

By: Melissa S. Bender, CIA
Audit Manager

cc: Board of Supervisors
Clerk of the Board
Executive Office
Grand Jury

Executive Summary

Overview

An Assessment Appeals Board governs the property tax appeals process in the County of Riverside. During the period of January 1, 2008, through December 31, 2008, over 19,000 residential property tax appeals were filed with the County of Riverside.

The Clerk of the Board (COB) is responsible for receiving, tracking, and reviewing all assessment appeal applications. Once complete, they transfer the applications to the Assessor-County Clerk-Recorder's Office (ACR) for processing.

The regular timeframe for submitting the appeals application is July 2 through September 15. An exception to these dates is when the property owner did not receive an assessed value notice by August 1, and then the period extends to November 30. The county has up to 2 years from the date filed by applicant to hear the appeals. If the 2 year mark is missed, the applicant is granted requested adjustment in property value. Both the ACR and COB collaborate regularly to ensure deadlines are met.

Audit Objective

Our objective was to provide management and the Board of Supervisors with an independent assessment on the adequacy of internal controls over the assessment appeals process for residential properties, determine whether applications for appeals are processed timely and evaluate whether proper steps were taken to reflect a fair hearing process for department employees.

Audit Highlights

We found throughout our review, the ACR has implemented sufficient controls to review, monitor and maintain the procedures outlined in the Rules of Notice and Procedure of the Assessment Appeals Boards of the County of Riverside as well as the state.

As a result of the ACR complying with all the guidelines relating to the property tax assessment appeals, we found upon the completion of our testing of 60 sample items that the department performed their role in a timely manner for application review, Notice of Appeals to applicants, and properly assessing values for appeals.

More specifically, with application deadlines established by the AAB, applications are reviewed as required and uploaded in the appropriate computer system for ACR staff to begin the assessment review process. One of the goals of the ACR is to reduce the number of appeals prior to hearing date. We found 53% (16 out of 30) were withdrawn in our initial testing. We included an additional 30 items to verify if this was a consistent pattern and determined 57% or 17 out of 30 were withdrawn or settled prior to reaching the hearing date.

Additionally, for employees of the ACR requesting assessments on their personal properties, we confirmed in accordance with state guidelines, conflicts of interest are signed annually by each

employee. Within our audit period, there were no appeals of employee owned properties. Moreover, ACR has controls in place to ensure a fair appeals process is given to all residents and that no bias is given to any employees, their relatives or friends.

Audit Conclusion

The department's internal controls were adequate and effective over the property tax appeals process.

Riverside County Board of Supervisors ✓
Request to Speak

Submit request to Clerk of Board (right of podium),
Speakers are entitled to three (3) minutes, subject
Board Rules listed on the reverse side of this form.

SPEAKER'S NAME: LARRY WARD - ASSESSOR

Address: _____
(only if follow-up mail response requested)

City: _____ **Zip:** _____

Phone #: _____

Date: 2/1/11 **Agenda #** 2.5

PLEASE STATE YOUR POSITION BELOW:

Position on "Regular" (non-appealed) Agenda Item:
_____ **Support** _____ **Oppose** _____ **Neutral**

Note: If you are here for an agenda item that is filed
for "Appeal", please state separately your position on
the appeal below:

_____ **Support** _____ **Oppose** _____ **Neutral**

I give my 3 minutes to: _____