



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: Auditor-Controller
Department No.: 061
For Agenda Of: 12/13/2011
Placement: Administrative
Estimated Tme:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

FROM: Department Robert W. Geis, CPA, Auditor-Controller, 568-2100
Director(s)
Contact Info: Heather Fletcher, CPA, Audit Manager, 568-2456

SUBJECT: **Auditor's Report on the Tax Redemption Officer Records and Accounts**

County Counsel Concurrence

As to form: N/A

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence: N/A

As to form: No

Recommended Actions:

That the Board of Supervisors:

1. Receive and file the Auditor-Controller's Audit Report on the Tax Redemption Officer for the three year period ending June 30, 2009.

Summary Text:

The Audit Report is submitted pursuant to California Government Code Section 26883. The audit report was prepared in accordance with Revenue and Taxation Code Section 4108.5. The overall purpose of the audit was to evaluate the records and accounts of the Tax Redemption Officer in order to determine if the duties and activities of the Tax Redemption Officer are in compliance with the Revenue and Taxation Code. The results of our testing indicate that, with respect to the items tested, the duties and activities of the Tax Redemption Officer are in compliance with Revenue and Taxation Code.

Background:

The Tax Collector is the Tax Redemption Officer and is responsible for maintaining the County's Tax Redemption Roll. Tax bills that have not been paid by June 30th are transferred to the Redemption Roll where fees, penalties, costs, and interest are incurred. At June 30, 2009, the amount of taxes, fees, penalties and interest due to the County amounted to approximately \$37M.

Based on our audit, the records and accounts of redemption collections appear to be fairly stated, in all material respects and in compliance with law. However, our audit disclosed that certain actions and improvements were needed in the tax redemption process. Management of the affected departments was aware of many of the matters raised by the auditors and projects to remedy the issue(s) were underway or completed during the audit period.

Some of the observations made during the audit stem from the issues associated with the antiquated mainframe tax system with modules of the system averaging thirty years in age and use. The internally developed system has a number of limitations requiring manual intervention if data integrity is to be assured.

All three departments, Assessor, Tax-Collector and Auditor are in the midst of major information technology implementation projects to replace systems that continue to be used well beyond their intended lives. On May 25, 2010 the Board of Supervisors approved a contract for the Tax Collector and the Auditor to install a new tax billing and collection system, Manatron (GRM) with many enhancements. The Assessor's is a separate project with a different vendor, Colorado Customware. Projects of this caliber will take multiple years to complete and will require the continued commitment of resources to be successful and to leverage the system's capabilities.

Performance Measure:

Fiscal and Facilities Impacts: None

Budgeted: N/A

Fiscal Analysis: N/A

Staffing Impacts:

Legal Positions:
N/A

FTEs:
N/A

Special Instructions:

None

Attachments:

Tax Redemption Officer Audit Report

Authored by: Heather Fletcher, Audit Manager

cc: Harry Hagen, Treasurer, Tax-Collector
Joseph Holland, Clerk Recorder Assessor
Chandra Wallar, County Executive Officer