



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:** November 15, 2016  
**Placement:** Administrative  
**Estimated Tme:**  
**Continued Item:** No  
**If Yes, date from:**  
**Vote Required:** Majority

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**TO:** Board of Supervisors

**FROM:** Department Theodore A. Fallati, CPA, CPFO, 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

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**County Counsel Concurrence**

As to form: N/A

**Auditor-Controller Concurrence**

As to form: N/A

**Recommended Actions:**

That the Board of Supervisors:

Receive and file the Auditor-Controller's Audit Report on the Tax Redemption Officer for the two year period ended July 1, 2014.

**Summary Text:**

The Audit Report is submitted pursuant to California Government Code Section 26883 which requires that the Auditor-Controller's audit reports be filed with the Board of Supervisors. 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 30<sup>th</sup> are transferred to the Redemption Roll where fees, penalties, costs, and interest are incurred. At July 1, 2014, the amount of taxes, fees, penalties and interest due to the County amounted to approximately \$19.8 million.

Based on our audit, the records and accounts of the Tax Redemption Officer appear to be fairly stated, in all material respects, and in compliance with Revenue and Taxation Code Sections 4101 through 4379.

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 issues 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 that was in use during the audit period. The internally developed system had a number of limitations requiring manual intervention in order to assure data integrity.

In August 2014, the Tax Collector and Auditor's offices replaced the antiquated mainframe tax system with a new Property Tax Billing and Collections system (Aumentum). The new system provides many enhancements, but will require the continued commitment of resources in order to successfully leverage the new system's capabilities. We did not perform any testing of the new system as part of this audit. A separate audit, during the period the new system was implemented, will be performed at a later date.

**Attachments:**

Tax Redemption Officer Audit Report

**Authored by:** Heather Fletcher, Audit Manager

**cc:** Harry E. Hagen, CPA, Treasurer-Tax Collector-Public Administrator  
Joseph Holland, Clerk Recorder Assessor  
Mona Miyasato, County Executive Officer