



# 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  
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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, 1<sup>st</sup> 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.