COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER

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June 13, 2012

TO: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: Wendy L. Watanabe
Auditor-Controller

SUBJECT: **FIRST STATUS REPORT – BOARD ORDERED REVIEWS OF THE OFFICE OF THE ASSESSOR (Board Agenda Item 36-A, April 10, 2012)**

On April 10, 2012, the Board of Supervisors instructed the Auditor-Controller (A-C) to conduct reviews of four areas in the Office of the Assessor, and to provide monthly reports to the Board on the progress of those reviews. The following is a summary of the status of each review area through June 12, 2012:

Area 1: Review Assessor's Fiscal Year 2012-13 roll forecast, including the methodology used. Retain an outside consultant to perform independent analysis.

Status: Completed. A-C contracted with the Rosenow Spevacek Group, Inc. (RSG) to review the Assessor's forecast and methodology. RSG presented their analysis to your Board on May 15, 2012, and provided recommendations to improve the accuracy of Assessor's future forecasts.

Area 2: Conduct a comprehensive management audit of the Assessor's operations to determine whether the Assessor's Office is appropriately and efficiently administering the County's property assessment and appeals functions.

Status: On June 11, 2012, the A-C contracted with Strategica, Inc. to conduct the management audit. Strategica has started the engagement, and expects to issue their independent report in the next few months.

Area 3: Conduct a review of the Assessor's fiscal/business operations and controls.

Status: A-C's Audit Division staff is reviewing the Assessor's fiscal operations. They are also reviewing controls over the Assessor's secured and unsecured property tax systems. We expect to issue our reports on the Assessor's fiscal operations and secured property tax system in mid-August. Additionally, we expect to issue the report on the unsecured system in October.

Area 4: As requested by various cities and taxing entities, review properties that had a 20% reduction in value from December 2010 to January 2012 to determine the appropriateness of the reductions.

Status: On June 5, 2012, the A-C issued a letter to all taxing entities in the County of Los Angeles, see attached, informing them that your Board has instructed the A-C to review properties whose appraised values decreased by 20% or more. To date, the A-C has identified the properties, and is now reviewing the documentation for the decreases. We expect to issue a preliminary report by September 1st.

We will continue to keep your Board, the Chief Executive Office, and Assessor management updated on the progress and results of our reviews.

Please call me if you have any questions, or your staff may contact Jim Schneiderman at (213) 974-8303.

WLW:JLS

Attachment

c: William T Fujioka, Chief Executive Officer
George Renkei, Chief of Staff, Assessor
Sachi A. Hamai, Executive Officer, Board of Supervisors
Public Information Office
Audit Committee

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June 5, 2012

ALL TAXING ENTITIES IN THE COUNTY OF LOS ANGELES

Based on recent allegations of improprieties in the Los Angeles County Assessor's Office, some taxing entities, including the City of Los Angeles, have asked the County Board of Supervisors (Board) to determine if any property values were improperly decreased in their tax areas. Improper decreases in property values can impact revenue to the taxing entities.

In response to these requests, the Board instructed the Auditor-Controller to review the Assessor's valuations for properties whose appraised values decreased by 20% or more from December 2010 to January 2012. We are currently identifying properties that had a 20% or greater decrease in value, and will review the Assessor's documentation justifying such reductions.

When applicable, we will obtain independent third-party appraisers to review the Assessor's valuations for a sample of properties. Further, if we identify any inappropriate property value reductions, we will coordinate with the District Attorney for further action.

If you have any specific properties within your taxing areas you would like us to include in our review, please contact Susan Linschoten at (213) 974-8593 or send information on the property (including the property address and the reason for your concern) to slinschoten@auditor.lacounty.gov by June 15, 2012.

Very truly yours,

Wendy L. Watanabe

Wendy L. Watanabe
Auditor-Controller

WLW:JET:JLS:SJL

c: Each Supervisor
William T Fujioka, Chief Executive Officer
Steve Cooley, District Attorney
George Renkei, Assistant Assessor
Sachi A. Hamai, Executive Officer, Board of Supervisors