COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER

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October 2, 2013

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

FROM: Wendy L. Watanabe
Auditor-Controller

SUBJECT: **THE OFFICE OF THE ASSESSOR – QUARTERLY STATUS REPORT ON MANAGEMENT AUDIT RECOMMENDATIONS (Board Agenda Item 47, January 8, 2013)**

On April 10, 2012, your Board instructed the Auditor-Controller (A-C) to conduct a comprehensive management audit of the Office of the Assessor (Assessor or Department) operations. On January 3, 2013, we issued a report prepared by Strategica, Inc. (Strategica or Consultant) on the management audit of the Assessor. On January 8, 2013, your Board further instructed the A-C to provide quarterly status reports on the implementation of recommendations made by Strategica.

The Consultant's report included 45 recommendations in areas such as Organizational Structure/Personnel, Integrity, Agency Scope, IT Management, and Assessment Appeals. The Assessor is responsible for 36 recommendations, and the remaining nine recommendations, related to the Assessment Appeals Board (AAB), were referred to the Executive Office of the Board of Supervisors (Executive Office) for implementation.

The Assessor and Executive Office indicate that they agree with 23 (51%) recommendations, partially agree with 17 (38%) recommendations, and disagree with five (11%) recommendations. The departments indicate that it is not feasible to implement the recommendations that they disagree with, which we will discuss some of them later in this report. The attached Recommendation Status Matrix reflects the two departments' respective responses and the current status. For the purpose of reporting implementation status, we considered partially-agreed recommendations as

implemented if the departments took corrective action on the partially-agreed portion of the recommendations.

Our review primarily focused on validating the status of recommendations the departments indicated have been implemented. This validation included interviewing Assessor and Executive Office management, and reviewing relevant documentation (e.g., revised policy, strategic plan, vendor proposals, consultant contracts, etc.) to substantiate corrective actions taken by the departments. The following summarizes the current implementation status by management audit review areas.

Status of Recommendations

Overall, it appears the departments have made progress in implementing the management audit recommendations. As noted below, the Assessor and Executive Office have implemented 12 (33%) of the 36 and four (44%) of the nine recommendations, respectively. The Assessor has partially implemented, and/or is in the process of implementing 21 (59%) recommendations. The Executive Office currently does not have any recommendations that are partially implemented/in process. The Assessor and Executive Office will not be implementing the remaining three (8%) and five (56%) recommendations, respectively, since they either disagree or indicated that it is not feasible to implement them. The following tables summarize each department's progress in implementing the recommendations.

Assessor							
Review Area	**Number of Recommendations**	**Implemented**		**Partially Implemented/ In Process**		**Disagree or Not Feasible to Implement**	
Organizational Structure/Personnel	8	6	75%	1	13%	1	12%
Integrity	2	0	-	2	100%	0	-
Agency Scope	4	0	-	4	100%	0	-
IT Management	7	3	43%	4	57%	0	-
Workload Measurement/ Statistical Reporting	3	2	67%	1	33%	0	-
Appeals	4	1	25%	2	50%	1	25%
DIV Processes	3	0	-	2	67%	1	33%
Valuation Methods	5	0	-	5	100%	0	-
Total	**36**	**12**	**33%**	**21**	**59%**	**3**	**8%**

Executive Office							
Review Area	**Number of Recommendations**	**Implemented**		**Partially Implemented/ In Process**		**Disagree or Not Feasible to Implement**	
Integrity	4	4	100%	0	-	0	-
Appeals	4	0	-	0	-	4	100%
Valuation Methods	1	0	-	0	-	1	100%
Total	**9**	**4**	**44%**	**0**	**-**	**5**	**56%**

Note: Percentages are rounded.

Organizational Structure/Personnel

Strategica had eight organizational structure/personnel related recommendations for the Assessor. The Assessor implemented six (75%) of the eight recommendations, and is in the process of implementing one (13%) recommendation. The Assessor disagrees with one (12%) recommendation related to conducting a peer review of Chiefs prior to their promotion to Director. While the Department believes that obtaining informal input from Chiefs for lower level positions (e.g., Appraisers, Appraiser Specialists, etc.) could be beneficial, a peer review of candidates for the Director position is not practical since many of the Chiefs would be candidates for the position. Assessor will not be implementing this recommendation.

The Assessor developed a strategic plan that includes professional development, succession planning, and information technology (IT) initiatives. In addition, the Assessor addressed other organizational structure/personnel issues highlighted in Strategica's report as follows:

- **Chief Deputy** – Strategica noted that the Assessor's organizational structure is not designed to ensure continuity of their operations when a new Assessor is elected, and recommended that the Assessor keep the Chief Deputy Assessor position filled. In conjunction with your Board and recommendations of the Chief Executive Officer, the Assessor's Chief Deputy position is filled and will continue to be filled with an individual with extensive County and managerial experience.

- **Spans of Control** – Strategica noted that in several areas, the Department has 1:1 reporting relationships (i.e., a supervisor has only one direct report). Strategica recommended that the Department review the short span of control areas, and make necessary changes to reduce management layers and to ensure that managers have broader influence. The Assessor reviewed the 1:1 reporting relationship areas, and re-organized these areas to ensure that spans of control are appropriate.

- **Training** – Strategica indicated that the Assessor should provide more supervisory/management training to prepare employees for future promotional opportunities. We noted that the Assessor increased its budget for training, and provided a number of leadership, supervisory/management, and technical trainings to management and staff.

- **Organizational Structure** – Strategica recommended that the Assessor implement a new organizational structure, which includes a small IT strategy unit that focuses on future IT needs. The Consultant also recommended that the Department make current and future IT initiatives a priority by having the IT Division (a separate unit) report to the Administrative Deputy. As recommended, the Assessor created an IT strategy unit (i.e., Business Solutions Group) that

focuses on the Department's future IT needs. The Assessor also realigned the IT Division to report to the Administrative Deputy.

Integrity

Strategica had two recommendations for the Assessor, and four recommendations for the Executive Office pertaining to integrity. The Assessor has partially implemented the two (100%) recommendations. The Executive Office has implemented all four (100%) recommendations.

Strategica noted that the Assessor's integrity has been publicly questioned because of contacts between Assessor's staff and tax agents, and Assessor campaign contributions from tax agents, etc. Strategica recommended that the County implement new ordinances, policies and procedures to prevent these types of activities and restore the public's confidence. In April 2013, based on recommendations preceding the Consultant's report, the Board approved the Executive Office, County Counsel, and Registrar-Recorder/County Clerk's recommended amendments to the County Code to prohibit contributions from tax agents to the Assessor or candidates for Assessor, and to require taxpayer representatives to register as tax agents. The Executive Office also sent letters to potential taxpayer representatives to inform them of the new requirements to register as tax agents.

Agency Scope

Strategica noted that the Assessor's allocation of staff resources between the assessment of real property and personal property (e.g., aircraft, vessels, and business equipment, etc.) may not be effective, given the lower rate of return on investment (i.e., tax revenue) on personal property compared to real property. Strategica provided four recommendations, which included that the Assessor should deploy its appraisal resources more cost-effectively, initiate research on developing more systematic ways to assess low-value assessments, and replace their personal property system. The Assessor is in the process of implementing these recommendations.

IT Management

Strategica had seven IT management related recommendations for the Assessor. The Assessor implemented three (43%) recommendations, and partially implemented or is in the process of implementing the remaining four (57%) recommendations.

To address the recommendations, the Assessor developed a standard to prioritize IT projects, which includes completing cost benefit analyses to prioritize and determine the feasibility of their current and future IT projects. In addition, the Assessor made the following IT management improvements in response to Strategica's recommendations:

- **Enterprise Architect** – Strategica recommended that the Assessor expedite filling the Enterprise Architect position. This position would be responsible for

designing the overall systems architecture, including interfacing the Assessor's IT system with other County agencies and external entities. Strategica indicated that filling this position would enable the Department to align its IT strategy and plans with its overall strategy, develop policies and guidelines related to selecting, developing, implementing, and using IT, etc. The Assessor hired a consultant as the Department's Enterprise Architect on February 27, 2013.

- **Secured/Unsecured Property Assessments** – Strategica recommended the Assessor consider an IT system that integrates both secured and unsecured property assessments. During a recent Request for Information (RFI) process to replace their Unsecured System, the Assessor requested potential IT vendors to discuss how their product integrates both secured and unsecured property assessments. The Assessor will be using this information to determine if an integrated system would be more beneficial for the Department.

Workload Management/Statistical Reporting

Strategica had three recommendations for the Assessor in this Section. The Assessor implemented two (67%) recommendations, and is in the process of implementing the remaining one (33%) recommendation. The Assessor's improvements in this area in response to Strategica's report include:

- **Forecast Unit/Committee** – Strategica recommended the Assessor form a Forecasting Unit to improve and formalize protocols and procedures for developing assessed value forecasts. The Assessor organized their existing Forecast Unit to work closely with the Department's executive managers and the Chief Executive Office (CEO). The Assessor also formed an Internal Forecast Committee consisting of Forecast Unit staff and supervisors, and other managers and subject matter experts within the Department. The Forecast Unit and Forecast Committee are tasked with reviewing and enhancing the existing forecast development process and related policies to ensure more accurate assessed value forecasts.

- **Review of Assessor Forecasts** – Strategica also recommended that the County retain a consultant to perform periodic reviews and attestations of Assessor's assessed value forecasts. The Assessor management indicated that the CEO already had a consultant, hired on June 25, 2012, who performed forecast related duties. The Assessor/CEO will use this consultant to comply with the recommendation.

Appeals

Strategica had four recommendations each for the Assessor and the Executive Office related to the Assessment Appeals process. The Assessor implemented one (25%) recommendation, is in the process of implementing two (50%) recommendations, and

disagrees with one (25%) recommendation. The Executive Office indicated that implementing two recommendations are not feasible, and they disagree with the two remaining recommendations.

To enhance independence and objectivity of Assessor Representatives (ARs) who represent the Department in AAB cases, Strategica recommended that the Assessor continue to rotate ARs every three years. Assessor management indicated that they plan to continue rotating ARs every three years. In addition, Strategica recommended that the Assessor should refrain from sharing case data with applicants before assessment appeal hearings except for formal exchange requests. The Consultant indicated that the current process provides an excessive amount of due process to the taxpayers (and their agents) when the burden of proof is on the taxpayers to show that the Assessor made errors in assessing their property. The Assessor, however, disagrees that the Department should refrain from sharing property valuation information with individuals before assessment appeals. The Department believes that sharing/exchanging information improves efficiency of the assessment appeals process, and ensures that property value opinions are based on more thorough information.

Strategica also recommended that the County amend the County Code to charge a $35 fee for filing an assessment appeal. The Executive Office indicated that they do not have the approval to charge a filing fee for assessment appeals. The Consultant also indicated that the current assessment appeals process offers an excessive amount of due process, and recommended that AAB amend rules to require requesting parties to demonstrate true hardship for requesting second (or subsequent) continuance requests. The Executive Office disagrees with this recommendation. The Executive Office indicated that only about 15% of cases are continued, and not the vast majority of cases as indicated by Strategica. The Department believes that individuals should be given opportunities to continue their cases with reasonable/appropriate explanations.

Decline In Value (DIV) Processes

Strategica had three recommendations for the Assessor related to their Decline-In-Value (DIV) (i.e., assessed property value reductions) processes. The Assessor has partially implemented, or is in the process of implementing two recommendations. The Assessor indicated that it is not feasible to implement the remaining recommendation related to programming approval thresholds into their DIV System. The Assessor indicated that the Department is focusing their resources on replacing the Department's legacy system, which will incorporate the approval threshold requirements.

Valuation Methods

Strategica had five recommendations related to valuation methods for the Assessor, and one recommendation for the Executive Office. Strategica recommended that the Assessor use modern Computer Assisted Mass Appraisal techniques to track property market values, which it indicated are more accurate, reliable, and cost-effective. The Consultant also recommended that the Assessor consider using existing canvassing

staff to encourage taxpayers to provide income and expense data to ensure more accurate valuation of income producing properties. The Assessor is in the process of implementing the five recommendations.

The Executive Office disagrees with the recommendation related to the AAB prohibiting individuals from introducing evidence on income, expense, or other information during assessment appeals, unless the property owner submitted required documents (e.g., forms requesting income and expense data) timely to the Assessor. The Consultant indicated that currently there is no penalty when individuals fail to submit required information, and this recommendation would encourage them to submit the required documents. Based on their discussions with County Counsel, the Executive Office indicated that this recommendation is an extreme measure that is unfairly harsh for the taxpayers.

Future Status Reports

We observed that many of the remaining recommendations, due to their strategic nature, require a fairly long period of time to implement. For example, implementing some of the recommendations would require departments to make significant system/process changes, replace IT systems, conduct additional research, etc. We, therefore, believe that it would be more efficient and effective to monitor the departments' progress every six months, rather than quarterly. Accordingly, unless instructed otherwise, we plan to issue our next report to your Board by April 1, 2014.

Review of Report

Assessor and Executive Office management reviewed this status report. The departments indicated that they will continue to implement the remaining recommendations as necessary.

We thank Assessor and Executive Office management and staff for their cooperation and assistance during our review. Please call me if you have any questions, or your staff my contact Robert Smythe at (213) 253-0101.

WLW:RS:YK

Attachment

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

ASSESSOR MANAGEMENT AUDIT
RECOMMENDATION STATUS MATRIX

Reco. #	Recommendation	Responsible Department	Department Agreement	Current Status	Auditor Comments
A1	The Assessor should keep the Chief Deputy Assessor position filled to provide continuity of management. The requirements for that position should clearly state the need for both substantial assessor experience and expertise, and demonstrated managerial competence. Most likely, this person would come from within the organization and have substantial County experience. However, the individual could also come from other Assessor organizations, as desired by the agency and the County. The County Charter should be amended so that should the Chief Deputy Assessor position become vacant within six months before or after a change in the elected Assessor, the BOS would have the prerogative to appoint an acting Chief Deputy Assessor until a permanent replacement is found.	Assessor	Partially Agree	Implemented	The Department agrees that they should keep the Chief Deputy Assessor position filled to ensure continuity of their operations during the absence of the Assessor, and they retained a Chief Deputy with extensive County and managerial experience. The Department, however, indicated that the appointment of the Chief Deputy Assessor position, regardless of how long it takes to appoint a qualified candidate, should be the sole prerogative of the elected Assessor.
A2	The Assessor should increase the budget, opportunities and expectations for leadership and supervisory/management training for personnel in the agency including external course offerings.	Assessor	Agree	Implemented	The Assessor increased its budget for training, and provided a number of leadership, supervisory/management, and technical trainings to management and staff.
A3	The Assessor should expand the Rotation Process and, on at least an annual basis, conduct a succession planning process that would include: • Forecasting managerial departures, • Inventorying projected technical and managerial deficiencies due to departures or based on strategic planning, • Planning for remedying these deficiencies through hiring or promotions, and • Training needs for those that may be	Assessor	Agree	Implemented	The Assessor expanded the Rotation Process and created a strategic plan that includes conducting annual succession planning.

Reco. #	Recommendation	Responsible Department	Department Agreement	Current Status	Auditor Comments
	promoted.				
A4	The Assessor should evaluate the promotion requirements for all Assessor items to ensure consistent criteria are used for all promotional examinations.	Assessor	Agree	In process of implementing	The Assessor is in the process of implementing the recommendation. The Auditor-Controller (A-C) will review the status of this recommendation in subsequent status reports.
A5	The Assessor should implement a Peer Review of Chiefs prior to promotion to Director. The Assessor and Chief Deputy should formally obtain input from other Chiefs on who they believe would be the best candidate for a Director position. While the decision would still be based on who the Assessor believes is best qualified to manage a large section of the agency, this practice would at least provide input to the Assessor from the other Chiefs on that individual's skills and abilities.	Assessor	Disagree	The Department will not implement	The Assessor believes that obtaining informal input from Chiefs for lower level positions (e.g., Appraisers, Appraiser Specialists, etc.) could be beneficial. However, a Peer Review of candidates for the Director position is not practical since many of the Chiefs would be candidates for the same position. In addition, the skills and abilities of the prospective candidates should be analyzed and discussed between executive managers to determine and select the best qualified individual.
A6	Develop an Assessor's Executive Office under the direction of a Chief of Staff with a focus on public affairs and communications and establishing Assessor initiatives in non-operational areas. A formal strategic plan/focus for the Assessor's Executive Office should be developed as well as job descriptions for the individuals necessary to staff the office. Consideration should be given to reducing the number of Special Assistants in the office and for hiring professional personnel to adequately staff these functions. Special Assistants should be limited in number and only used for specialized needs by future Assessors.	Assessor	Partially Agree	Implemented	The Assessor has budgeted for the Chief of Staff position, but has decided not to fill the position at this time. The Assessor indicated that they have an organizational structure intended to ensure a separation between the political and administrative/operational functions of the office, with non-operational areas reporting to the Assistant Assessor of Administration and operational areas reporting to the Assistant Assessor of Operations, with both Assistant Assessors reporting to the Chief Deputy. In addition, the Assessor has created a strategic plan that includes a focus for the Assessor's Executive Office on public affairs (e.g., legislation, community outreach, media, etc.), and communications within the Assessor's Office, other County Departments, and the public. The Assessor also decreased the number of Special Assistants from seven to three.

Reco. #	Recommendation	Responsible Department	Department Agreement	Current Status	Auditor Comments
A7	The Assessor should implement a new Organization Structure similar to Figure A-8. This new structure features: • A Chief Deputy overseeing all agency operations and reporting to the elected Assessor. This will ensure continuity of operations given that future Assessors may or may not have extensive knowledge about Assessor operations. The Chief Deputy should have experience in both functional areas and municipal government. • A small IT strategy unit that would focus entirely on the future IT needs of the agency reporting directly to the Chief Deputy. Currently the primary focus of IT, as discussed elsewhere in this report, is on maintenance and development of existing systems. However, considering the pressing need for major legacy system replacement, a separate IT section focusing on strategic procurement and implementation of future IT development is needed. The Assessor recently formed an IT project management unit and this unit could form the basis for the IT strategy unit but it needs to report at a higher level to reflect the strategic importance of legacy system replacement. • IT should be moved organizationally to report to an Administrative Deputy along with HR, Management Services and Training. • Establish a roll reporting and forecasting function reporting to the Chief Deputy to ensure proper strategic focus of reporting and forecasting and accuracy of agency forecasts. • The Assessor's Executive Office should be	Assessor	Partially Agree	Implemented	The Assessor has a Chief Deputy overseeing all agency operations, and the Dept. completed the following: • Created an Information Technology (IT) strategy unit (i.e., Business Solutions Group) that focuses on the Department's future IT needs, reporting directly to the Assistant Assessor of Administration. The Assessor indicated that having the Business Solutions Group report directly to the Assistant Assessor of Administration instead of the Chief Deputy will provide the opportunity for increased strategic focus and direction. • Moved the IT Division to directly report to the Administrative Deputy. • Organized their existing forecast unit to work closely with the Assessor's executive managers and the Chief Executive Office (CEO). • Formed an Internal Forecast Committee, consisting of forecast unit staff and supervisors, and other managers and subject matter experts in the Department. The forecast unit and forecast committee are tasked with reviewing and enhancing the existing forecast development process, and related policies, to ensure more accurate assessed value forecasts. • The Assessor has budgeted for the Chief of Staff position, but has decided to not fill the position at this time. Therefore, they designated a Special Assistant to be gatekeeper for extraneous communications instead of a Chief of Staff.

Reco. #	Recommendation	Responsible Department	Department Agreement	Current Status	Auditor Comments
	under the direction of a Chief of Staff who would act as a gatekeeper for all extraneous communications and requests coming into the office including those from tax agents and campaign donors. See Section B for a further discussion. The Chief of Staff should oversee a professional public information and communications office consisting of permanent positions, as discussed earlier.				
A8	Review short span of control situations and, based on the stated criteria discussed in this section, increase spans of control so that managers have the proper leverage and to reduce management layers.	Assessor	Agree	Implemented	The Assessor reviewed short span of control situations, and re-organized these areas to ensure that spans of controls are appropriate.
B1	The County should amend the proposed County Code section 2.165 to prohibit contributions from tax agents and their immediate family members (by blood or marriage).	Executive Office of the Board of Supervisors	Partially Agree	Implemented	In April 2013, the Board of Supervisors approved the Executive Office, County Counsel, and Registrar-Recorder/County Clerk's recommended amendments to the County Code to prohibit contributions from tax agents to the Assessor or candidates for Assessor, and to require taxpayer representatives to register as tax agents. However, The Executive Office indicated that, as advised by County Counsel, immediate family members were not included since it would violate their First Amendment protections.
B2	The County should send notices to all agents logged in the AAB's CRM system as taxpayer representatives for the previous twelve months with instructions to register as tax agents under County Code Section 2.165 or face enforcement action.	Executive Office of the Board of Supervisors	Agree	Implemented	The Executive Office sent letters to potential taxpayer representatives to inform them of the new requirements to register as tax agents.
B3	The AAB should amend its Rules to designate certain parties in the CRM system when an appeal is filed (taxpayer and their representative)	Executive Office of the Board of	Partially Agree	Implemented	The Assessment Appeals Board (AAB) Training Manual prohibits ex-parte communications with the Assessor's Office, and/or applicants, their

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	and within 10 days (assigned appraiser and an AR). Rules should be amended to stipulate that taxpayer representation should be limited to tax agents registered as lobbyists under 2.165. Rules should be amended to prohibit communication with any other parties except those designated until a case is cleared. County Code Chapter 2.165 should be amended to prohibit ex-parte communication during an active appeal by tax agents with any violation resulting in the loss of registration and a fine. AAB Rules should be amended prohibiting ex-parte communication by a taxpayer with an active appeals case with any violation resulting in the invalidation of their application. AAB Rules should be amended to prohibit ex-parte communication on the part of the Assessor or his/her staff with any violation resulting in disciplinary action (up to and including suspension) of the employee.	Supervisors			agents or representatives, unless such communications are made during a formal hearing process. In addition, the Executive Office indicated that the AAB's Customer Relationship Manager (CRM) system already designates the taxpayers and their representatives. However, having CRM identify assigned appraisers and assessor representatives is not feasible as each can change numerous times over the life of a case.
B4	AAB rules should be amended to require taxpayers/agents (and family members) to disclose gifts, campaign contributions or donations to the Assessor or any AAB member when filing an appeal.	Executive Office of the Board of Supervisors	Partially Agree	Implemented	The Executive Office indicated that the AAB Training Manual already prohibits acceptance of gifts and favors from an applicant, witness, the Assessor or an Assessor's Representative, a lawyer or agent practicing before the AAB, or individuals who could potentially benefit from AAB decisions. In addition, the Executive Office indicated that, as advised by County Counsel, immediate family members were not included since it would violate their First Amendment protections.
B5	The Assessor Code of Ethics should be amended such that the elected Assessor must recuse himself/herself (e.g., cannot discuss or take part) in any appeal or administrative review if he/she accepted any donations, gifts or campaign	Assessor	Partially Agree	In process of implementing	The Assessor is in the process of implementing the recommendation. The A-C will review the status of this recommendation in subsequent status reports.

Reco. #	Recommendation	Responsible Department	Department Agreement	Current Status	Auditor Comments
	contributions from the taxpayer, agent or family members.				
B6	The Assessor should appoint a Chief of Staff whose job description should include acting as the point of contact for campaign donors, taxpayers or tax agents. Any contact received by the Chief of Staff should be directed to a staff appraiser or their immediate supervisor if a parcel is the subject of an administrative review or to an AAB-designated party if the parcel is subject to an appeal.	Assessor	Partially Agree	Partially implemented	As noted above, the Assessor has budgeted for the Chief of Staff position, but has decided not to fill the position at this time. In addition, the Assessor indicated that establishing a Chief of Staff as a point of contact for campaign donors, taxpayers, or tax agents has merit. However, any contact or referral from the Executive Office should be directed through the Assistant Assessor of Operations and never sent directly to the staff appraiser.
C1	The Assessor's Office should deploy its appraisal resources more cost-effectively. Initially, it should shift resources from the canvass to processing business property statements timely. It should develop a plan for canvassing businesses on a cyclical basis, so that all are visited once every four years. In time, the Office should seek additional ways to coordinate and share real property and personal property duties.	Assessor	Partially Agree	In process of implementing	The Assessor is in the process of implementing the recommendation. The A-C will review the status of this recommendation in subsequent status reports.
C2	The County should make the acquisition of a more effective personal property system to replace the AS/400 a priority.	Assessor	Agree	In process of implementing	The Assessor is in the process of implementing the recommendation. The A-C will review the status of this recommendation in subsequent status reports.
C3	The Assessor's Office should initiate research on typical personal property holdings of common businesses as a means of validating appraiser judgment. The information gathered during audits could be compiled in square foot guides that consider the type of business, the size of the premises, and qualitative differences.	Assessor	Partially Agree	In process of implementing	The Assessor is in the process of implementing the recommendation. The A-C will review the status of this recommendation in subsequent status reports.

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C4	The Assessor in concert with other assessors, the BOE, and other stakeholders, should explore a legislative solution to the lack of cost-effectiveness in assessing low-value properties. Holdings of, say, less than $10,000 could be assessed on the basis of a presumptive value (which owners could challenge) or be exempted outright.	Assessor	Agree	In process of implementing	The Assessor is in the process of implementing the recommendation. The A-C will review the status of this recommendation in subsequent status reports.
D1	The Assessor should expedite filling the position of enterprise architect as presently envisioned.	Assessor	Agree	Implemented	The Assessor hired a consultant as the Department's Enterprise Architect on February 27, 2013.
D2	The Assessor's office should continue to research IT and appraisal developments in other parts of the state for their potential application as legacy-system replacements in the county, irrespective of supposed constraints imposed by technology or regulation and should consider COTS alternatives to in-house development.	Assessor	Agree	In process of implementing	The Assessor is in the process of implementing the recommendation. The A-C will review the status of this recommendation in subsequent status reports.
D3	The Assessor's office should engage routinely in cost benefit analyses, even for smaller projects, in order to develop proficiency that will be crucial in connection with future larger scale undertakings.	Assessor	Agree	Implemented	The Assessor developed a standard to prioritize IT projects, which includes completing cost-benefit analyses to prioritize and determine the feasibility of their current and future IT projects.
D4	The Assessor's office should provide a supported IT system for collecting, entering, analyzing, and presenting income, expense, and capitalization data in support of the income approach to valuation, and it should ensure that such resources are pooled for access by all the appraisers who have potential need of such information.	Assessor	Agree	In process of implementing	The Assessor is in the process of implementing the recommendation. The A-C will review the status of this recommendation in subsequent status reports.
D5	The Assessor's office should provide documentation on how users are expected to	Assessor	Agree	In process of implementing	The Assessor is in the process of implementing the recommendation. The A-C will review the

Reco. #	Recommendation	Responsible Department	Department Agreement	Current Status	Auditor Comments
	interact with its IT systems.				status of this recommendation in subsequent status reports.
D6	The Assessor's office should consider integrated products addressing the secured roll as well as the unsecured roll during its market research on alternatives to its systems that support its unsecured roll.	Assessor	Agree	Implemented	During a recent Request for Information (RFI) for replacing their Unsecured System, the Assessor requested potential vendors to discuss how their product integrates both secured and unsecured property assessments. The Assessor will be using this information to determine if an integrated system would be more beneficial for the Department.
D7	The Assessor's office should amend its contracts with vendors to incorporate service level agreements.	Assessor	Agree	In process of implementing	The Assessor plans to incorporate the service level agreement in future contracts.
E1	The Assessor should form a small forecasting unit (reporting to the Chief Deputy Assessor) to develop protocols, definitions and data sources for statistical reporting and workload management purposes. This unit should be comprised of the current staff that performs forecasting and statistical reporting functions.	Assessor	Agree	Implemented	The Assessor organized their existing Forecast Unit to work closely with the Department's executive managers and the CEO. The Assessor also formed an Internal Forecast Committee consisting of Forecast Unit staff and supervisors, and other managers and subject matter experts within the Department. The Forecast Unit and Forecast Committee are tasked with reviewing and enhancing the existing forecast development process and related policies to ensure more accurate assessed value forecasts.
E2	The County CEO should retain a real property value forecast consulting firm to perform periodic reviews and attestations of tax roll forecasts prepared by the Assessor. The consulting firm would report to the CEO but work with the Assessor's forecasting unit.	Assessor	Agree	Implemented	Assessor management indicated that the CEO already has a consultant, hired on June 25, 2012, who performed forecast related duties. The Assessor/CEO will use this consultant to comply with the recommendation.
E3	The Assessor's Office should explore ways to refine its production reporting system to incorporate returns on its investments and its	Assessor	Agree	In process of implementing	The Assessor is in the process of implementing the recommendation. The A-C will review the status of this recommendation in subsequent

Reco. #	Recommendation	Responsible Department	Department Agreement	Current Status	Auditor Comments
	resource allocations. It may be desirable to simplify the system so that it focuses less on the variety of work activities and more on work outcomes generally.				status reports.
F1	The County should amend Chapter 2.44 of the County Code to charge a $35 fee for filing an assessment appeal. This filing fee will help to defray the cost of the program and will help to discourage frivolous filings.	Executive Office of the Board of Supervisors	Agree	The Department will not implement	The Executive Office agrees with the recommendation, but indicated that charging a fee for filing is not currently feasible (i.e., they do not have approval to charge fees).
F2	The AAB should amend Board rules to appoint a hearing officer to handle only continuances, withdrawals, and accepted recommendations rather than have these items presented to a board. Rules should waive appearance of parties once a hearing officer has approved the withdrawal, continuance or accepted recommendation. Withdrawals, continuances, and accepted recommendations should then be subject to Board review in the same fashion as other hearing officer decisions. The new AAB Case Activity Report can be used by the parties as a tool to document withdrawals, continuances and accepted recommendations for review and approval by the hearing officer. Appendix D shows the proposed appeals process.	Executive Office of the Board of Supervisors	Disagree	The Department will not implement	The Executive Office indicated they disagree with the recommendation because Revenue and Taxation Code and L.A. County Board resolution already allow for hearing officers to approve withdrawals, continuances and Assessor's recommendations up to $3 million in roll value for limited types of properties. Appointing a hearing officer to only handle continuances, withdrawals, and recommendations will reduce the $3 million limit to $500,000, which will result in more cases going to the AAB.
F3	The AAB should amend rules such that parties to an appeal must show true hardship for second (or subsequent) continuance requests. Hearing officers presented with continuance requests should deny requests except for hardship. Owner-occupied SFR cases (without tax agent representation) should be exempt from this rule. Appendix D shows the proposed appeals process.	Executive Office of the Board of Supervisors.	Disagree	The Department will not implement	The Executive Office indicated that only about 15% of cases are continued, and not the vast majority of cases as indicated by Strategica. The Department believes that individuals should be given opportunities to continue their cases with reasonable/appropriate explanations.

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F4	The Assessor should refrain from sharing case data with applicants before hearings except for formal exchange requests.	Assessor	Disagree	The Department will not implement	The Assessor indicated that the sharing of information is better approached on a case-by-case basis depending on the level of cooperation from the property owner and/or representative. Therefore, they are reluctant to advise a general policy that restricts their ability to maintain open communication prior to the hearing. The Department prefers the option of information exchange flexibility to improve the efficiency of the appeals process, which would ensure more thorough information as a basis for a sound, well-substantiated opinion of value.
F5	The Assessor should continue the practice of rotating ARs every three years.	Assessor	Agree	Implemented	Assessor management indicated that they plan to continue rotating Assessor's Representatives (ARs) every three years.
F6	The Assessor should streamline value reduction reporting and approval authority. Policy 1502-1 should be limited to approvals and reporting on administrative reviews. Policy 4080-1 should solely govern determination of recommended values, AR responsibilities, approval thresholds, authority, and reporting requirements. References in Policy 4080-1 to approval authority levels in Policy 1502-1 should be omitted. Approval thresholds in Policy 4080-1 for determining recommended values should be based on percentage-based according to a revised Policy 1502-1 (See Section G). Approval thresholds for subsequent adjustments to those values should be percentage-based similar to the thresholds presented in the August 2 Guidelines for Assessment Appeals. Policy 4080-1 should then replace and supersede the August 2 Guidelines.	Assessor	Partially Agree	In process of implementing	The Assessor partially agrees with the recommendation. The Assessor indicated that they prefer to maintain the dollar-based thresholds for administrative changes in order to ensure that the additional approval requirements are appropriately directed to large value assessment changes rather than potentially lower dollar amounts. The Assessor is in the process of implementing the recommendation. The A-C will review the status of this recommendation in subsequent status reports.
F7	The County should reengineer the AAB's CRM system to incorporate Assessor's scheduling and	Executive Office of the	Partially Agree	The Department	The Executive Office partially agrees that a single application should be created that would

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	data requirements and repair data conversion issues.	Board of Supervisors		will not implement	consolidate the business functions between the AAB, Assessor, A-C and Treasurer and Tax Collector (TTC). However, the Department indicated that reengineering the AAB's CRM system is not feasible based on their analysis of system capabilities and limitations.
F8	The Assessor's ATS system should be modified so that the assessor's original and adjusted recommended value is recorded for appeals cases.	Assessor	Partially Agree	In process of implementing	The Assessor indicated they agree with the recommendation, but will pursue this recommendation in the future, during the Department's Legacy System replacement project.
G1	The Assessor should amend Policy 1502-1 so that, in addition to dollar-based thresholds, percentages should be used based on the degree that a value reduction exceeds the general market direction. Percentage-based thresholds should take precedence over dollar-based thresholds.	Assessor	Partially Agree	In process of implementing	The Assessor is in the process of implementing the recommendation. The A-C will review the status of this recommendation in subsequent status reports.
G2	The Assessor should program the DIV system so that the approval thresholds found in Policy 1502-1 are programmed into the system with pass-word based approvals replacing the use of Form RP-335. Value reductions exceeding 1502-1 thresholds should be to the Chief, Director or Assistant Assessor designated in the policy.	Assessor	Partially Agree	The Department will not implement	The Assessor partially agrees with the recommendation. The Department indicated that they are focusing their resources on replacing the Department's Legacy System, which will incorporate the approval threshold requirements.
G3	The Assessor should modify the DIV system so that approval authority delegation for appraisals not selected for enhanced review under Policy 1502-1 is limited to a Supervising Appraiser or a Principal Appraiser.	Assessor	Agree	In process of implementing	The Assessor is in the process of implementing the recommendation. The A-C will review the status of this recommendation in subsequent status reports.
H1	The Assessor should integrate the valuation resources of the county's GIS into the Assessor's	Assessor	Partially Agree	In process of implementing	The Department indicated that they agree with the intent of the recommendation, but they are

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	valuation activities, including the possibility of two-way automated data transfer, with additional consideration being given to developing statistically defensible surfaces to express locational influences systematically.				unclear about certain items mentioned in the recommendation (e.g., statistically defensible surfaces, two-way automated data transfer, etc.). The Assessor is in the process of implementing the recommendation. The A-C will review the status of this recommendation in subsequent status reports.
H2	The Assessor should use modern CAMA methods to produce and preserve at least first-draft if not final estimates of the market values of essentially all real property parcels each year in the jurisdiction despite the fact that the vast majority of such parcels will be taxed not on their market values but rather on the constrained values required by law. The marginal cost of doing this for all parcels rather than just the ones needing to be reassessed should be trivial and should be outweighed by the benefit of increased opportunities for quality assurance.	Assessor	Agree	In process of implementing	The Assessor is in the process of implementing the recommendation. The A-C will review the status of this recommendation in subsequent status reports.
H3	The Assessor should consider using personal property canvassing personnel to encourage taxpayers to submit responses to forms requesting I&E data during their routine canvassing activities in connection with personal property renditions if such canvassing practices are to be continued.	Assessor	Partially Agree	In process of implementing	The Assessor indicated that most business owners do not own the real property that they occupy, and most canvassing staff do not interact with either the company owner or manager. The Assessor is in the process of implementing the recommendation. The A-C will review the status of this recommendation in subsequent status reports.
H4	The AAB should ensure that the evidentiary rules governing appearances before the Board prohibit appellants from introducing evidence on income, expense, or capitalization rates unless the property's own returns were timely filed with the Assessor as a means of encouraging the filing of such "required" returns for which no noncompliance penalty currently exists.	Executive Office of the Board of Supervisors	Disagree	The Department will not implement	Based on their discussions with County Counsel, the Executive Office indicated that this recommendation is an extreme measure that is unfairly harsh for the taxpayers. The Department will not implement this recommendation.

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H5	The Assessor should initiate a program to systematically identify and remedy weaknesses in the appraisal and quality control systems arising from the degradation of mass appraisal practices following the implementation of Proposition 13. This would include an audit of cluster designations, the re-introduction of assessment ratio studies where feasible, (comparing recent sale prices to the office's estimate of the property's market value, not its constrained assessment), and an increased QA/QC role for the assessment standards unit.	Assessor	Agree	In process of implementing	The Assessor is in the process of implementing the recommendation. The A-C will review the status of this recommendation in subsequent status reports.
H6	The Assessor should consider integrated CAMA products during its market research into COTS alternatives to its problematic software for the unsecured roll, as noted in recommendation D6.	Assessor	Agree	In process of implementing	The Assessor is in the process of implementing the recommendation. The A-C will review the status of this recommendation in subsequent status reports.