

LOS ANGELES COUNTY

AUDITOR-CONTROLLER

**Arlene Barrera**  
ACTING AUDITOR-CONTROLLER

**Peter Hughes**  
ASSISTANT AUDITOR-CONTROLLER

**Mike Pirola**  
DIVISION CHIEF

AUDIT DIVISION

July 31, 2019

Treasurer and Tax Collector  
IMPROVEMENT OPPORTUNITIES NOTED DURING A  
LIMITED REVIEW (CASE #2017-13392)  
FIRST AND FINAL FOLLOW-UP REVIEW



RECOMMENDATION IMPLEMENTATION STATUS				
PRIORITY RANKINGS	TOTAL RECOS	FULLY IMPLEMENTED	OUTSTANDING RECOMMENDATIONS	
			PARTIALLY IMPLEMENTED	NOT IMPLEMENTED
PRIORITY 1	0	N/A	N/A	N/A
PRIORITY 2	1	1	0	0
PRIORITY 3	0	N/A	N/A	N/A
TOTAL	1	1	0	0
				0



BOARD OF SUPERVISORS

**Hilda L. Solis**  
FIRST DISTRICT

**Mark Ridley-Thomas**  
SECOND DISTRICT

**Sheila Kuehl**  
THIRD DISTRICT

**Janice Hahn**  
FOURTH DISTRICT

**Kathryn Barger**  
FIFTH DISTRICT

REPORT #K19GH



COUNTY OF LOS ANGELES DEPARTMENT OF AUDITOR-CONTROLLER

KENNETH HAHN HALL OF ADMINISTRATION 500 WEST TEMPLE STREET, ROOM 525 LOS ANGELES, CALIFORNIA 90012-3873 PHONE: (213) 974-8301 FAX: (213) 626-5427

ARLENE BARRERA ACTING AUDITOR-CONTROLLER

ADDRESS ALL CORRESPONDENCE TO: AUDIT DIVISION 350 S. FIGUEROA ST., 8th FLOOR LOS ANGELES, CA 90071-1304

July 31, 2019

TO: Keith Knox, Acting Treasurer and Tax Collector Treasurer and Tax Collector

FROM: Dr. Peter Hughes [Signature] Assistant Auditor-Controller

Mike Pirolo, Chief [Signature] Audit Division

SUBJECT: TREASURER AND TAX COLLECTOR – IMPROVEMENT OPPORTUNITIES NOTED DURING A LIMITED REVIEW (CASE #2017-13392) – FIRST AND FINAL FOLLOW-UP REVIEW

We have completed a follow-up review of the Treasurer and Tax Collector’s (TTC or Department) Improvement Opportunities Noted During A Limited Review dated October 17, 2018, (Case #2017-13392). The status of corrective action for the one recommendation based on our review of relevant supporting documentation provided by the Department is summarized in Table 1.

Table 1 – Results of First and Final Follow-up Review

Table with 5 columns: PRIORITY RANKINGS, TOTAL RECOS, FULLY IMPLEMENTED, PARTIALLY IMPLEMENTED, NOT IMPLEMENTED. Includes a sub-section for OUTSTANDING RECOMMENDATIONS with a total of 0.

Attachment I provide details of our review and the Department's actions to implement corrective action. Definitions of the Priority Rankings are included in Attachment II.

Our first follow-up review found that the Department implemented one recommendation in the original report. Therefore, this is the final follow-up review.

### **Follow-up Process**

Board of Supervisors Policy 4.050 requires the Auditor-Controller (A-C) to follow up with departments to ensure they have taken corrective action to address audit recommendations. To assist the A-C in accomplishing this task, six months after an audit report is issued, departments must provide the A-C's Audit Division a *Corrective Action Implementation Report (CAiR)* that provides a detailed status of corrective action(s) taken to implement each recommendation in the report. For recommendations reported as implemented, departments must attach documentation to the CAiR that demonstrates the corrective action taken.

Our review consisted of an inspection and evaluation of TTC's description of actions taken per the CAiR, the relevant documents and supporting evidence provided by the Department, as well as inquiry and discussion with responsible departmental personnel. Our follow-up review did not constitute an "audit" and did not include a sampling of transactions for testing and verification purposes.

We thank TTC management and staff for their cooperation and assistance during our review. If you have any questions, please call Mike Pirolo at (213) 253-0100.

PH:MP:ZP:am

Attachments

c: Arlene Barrera, Acting Auditor-Controller  
Audit Committee  
Office of County Investigations

**TREASURER AND TAX COLLECTOR – IMPROVEMENT OPPORTUNITIES NOTED DURING A LIMITED REVIEW (CASE #2017-13392)  
 FIRST AND FINAL FOLLOW-UP REVIEW**

No.	RECOMMENDATION	PRIORITY	STATUS (1)	A-C COMMENTS
1	Treasurer and Tax Collector (TTC or Department) management develop formal guidance and policies/procedures to: <ol style="list-style-type: none"> <li>1. Guide staff in responding to public inquiries related to property auctions;</li> <li>2. Inform the public how to request information about properties for sale by the County; and,</li> <li>3. Describe what information about auction properties can generally be disclosed to the public.</li> </ol>	2	I	We confirmed TTC management developed formal guidelines and policies/procedures to guide staff in responding to public inquiries related to property auctions, inform the public how to request information about properties for sale by the County, and describe what information about auction properties can generally be disclosed to the public by reviewing the Department’s Tax-Defaulted Property Sale Public Information Guidelines and Code of Conduct.

**Footnote**

(1) Status definitions:

- “I” indicates the department has fully implemented corrective action that is responsive to the recommendation.
- “PI” indicates the department has partially implemented corrective action that is responsive to the recommendation.
- “NI” indicates the department has not implemented corrective action that is responsive to the recommendation.

## **PRIORITY RANKING DEFINITIONS**

Auditors use professional judgment to assign rankings to recommendations using the criteria and definitions listed below. The purpose of the rankings is to highlight the relative importance of some recommendations over others based on the likelihood of adverse impacts if corrective action is not taken and the seriousness of the adverse impact. Adverse impacts are situations that have or could potentially undermine or hinder the following:

- a) The quality of services departments provide to the community,
- b) The accuracy and completeness of County books, records, or reports,
- c) The safeguarding of County assets,
- d) The County's compliance with pertinent rules, regulations, or laws,
- e) The achievement of critical programmatic objectives or program outcomes, and/or
- f) The cost-effective and efficient use of resources.

### **Priority 1 Issues**

Priority 1 issues are control weaknesses or compliance lapses that are significant enough to warrant immediate corrective action. Priority 1 recommendations may result from weaknesses in the design or absence of an essential procedure or control, or when personnel fail to adhere to the procedure or control. These may be reoccurring or one-time lapses. Issues in this category may be situations that create actual or potential hindrances to the department's ability to provide quality services to the community, and/or present significant financial, reputational, business, compliance, or safety exposures. Priority 1 recommendations require management's immediate attention and corrective action within 90 days of report issuance, or less if so directed by the Auditor-Controller or the Audit Committee.

### **Priority 2 Issues**

Priority 2 issues are control weaknesses or compliance lapses that are of a serious nature and warrant prompt corrective action. Priority 2 recommendations may result from weaknesses in the design or absence of an essential procedure or control, or when personnel fail to adhere to the procedure or control. These may be reoccurring or one-time lapses. Issues in this category, if not corrected, typically present increasing exposure to financial losses and missed business objectives. Priority 2 recommendations require management's prompt attention and corrective action within 120 days of report issuance, or less if so directed by the Auditor-Controller or the Audit Committee.

### **Priority 3 Issues**

Priority 3 issues are the more common and routine control weaknesses or compliance lapses that warrant timely corrective action. Priority 3 recommendations may result from weaknesses in the design or absence of a procedure or control, or when personnel fail to adhere to the procedure or control. The issues, while less serious than a higher-level category, are nevertheless important to the integrity of the department's operations and must be corrected or more serious exposures could result. Departments must implement Priority 3 recommendations within 180 days of report issuance, or less if so directed by the Auditor-Controller or the Audit Committee.