

County of Santa Clara

Board of Supervisors

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MANAGEMENT AUDIT OF THE COUNTY OF SANTA CLARA ASSESSOR

AUDIT SYNOPSIS

This management audit contains seven findings and one additional topic and associated recommendations that, if implemented, would improve compliance with State law, reduce waste and loss of about \$500,000 annually, speed hiring, improve internal control, ensure that new construction is promptly added to the tax roll and that fees cover actual costs.

KEY FINDINGS

- Civil service requirements and below-market compensation resulted in an average period of eight months in 2015 to fill the Assessor's Information Services vacancies. Changing position classifications to relieve civil service requirements should improve the ability to fill positions timely.
- About 21,000 small-business property accounts are eligible for "direct billing," but only 600 accounts are direct billed. Direct billing saves time and money by reducing paperwork and the frequency of detailed assessment of small taxpayers, and should be expanded.
- When businesses fail to submit records of taxable personal property, the law requires the Assessor to estimate the value of that property. In some cases, the Assessor instead automatically raises the personal property value by 10 percent. The Assessor should discontinue automatic value increases.
- Owner-occupied homes receive a State exemption that slightly reduces property tax bills. Our analysis shows that 4.6 percent of exemptions were administered erroneously, while another 9.2 percent of homeowners did not occupy the property, resulting in up to \$384,000 in annual County property tax receipts lost due to exemptions received by ineligible homeowners.
- On average, the Assessor gets building permits important to the assessment of construction-in-progress three months late, and this is a factor in the 3,600 parcels with new construction that are not assessed timely each year. Implementation of our recommendations would reduce the extent of construction-in-progress that is not assessed and taxed timely.
- Many Assessor's policy and procedure manuals are outdated and incomplete, and its management information system is not codified in policy manuals. These discrepancies increase the chance that staff will not adhere to the most recent statutory changes and State Board of Equalization requirements. The Assessor should regularly review and update its policies and procedures.
- The Assessor does not have a written policy or procedure specifies the frequency of updates to its fee schedule. Its current fees were adopted in FY 2012-13; since then, its personnel costs have increased by 14 percent and thus most of its fees do not currently cover costs. By implementing a written policy the Assessor would ensure that fees are regularly updated to recover costs.

A copy of the full report is available at:
<http://www.sccgov.org/managementauditor>