



## INTERNAL AUDIT DEPARTMENT

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Audit No. 2421

March 25, 2026

To: Chair Doug Chaffee, Supervisor, 4th District  
 Vice Chair Katrina Foley, Supervisor, 5th District  
 Supervisor Janet Nguyen, 1st District  
 Supervisor Vicente Sarmiento, 2nd District  
 Supervisor Donald P. Wagner, 3rd District

From: Aggie Alonso, CPA, CIA, CRMA  
 Internal Audit Department Director

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 Agripino Alonso  
 Date: 2026.03.25 11:16:57  
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Subject: Tax Redemption Officer Records and Accounts Audit

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Attached is the final report for the audit of the records and accounts of the Tax Redemption Officer, pursuant to California Revenue and Taxation Code Section 4108.5 for the three years ended June 30, 2023. This audit was conducted by Macias Gini & O'Connell LLP (MGO) and performed in accordance with the FY 2024-25 Risk Assessment and Audit Plan approved by the Audit Oversight Committee (AOC) and Board of Supervisors (Board).

On August 1, 2024, we engaged MGO to conduct the audit of the records and accounts of the Tax Redemption Officer for the three years ended June 30, 2023. The audit concluded with no findings and the Treasurer-Tax Collector concurred with the report.

Details of the audit objectives, scope and methodology, background, and results immediately follow this letter. We will include these results in a future status report submitted quarterly to the AOC and the Board.

If you have any questions regarding the audit, please contact me at (714) 834-5442 or Deputy Director Jose Olivo at (714) 834-5509.

### Attachments

Other recipients of this report:

- Members, Audit Oversight Committee
- Treasurer-Tax Collector Distribution
- Robin Stieler, Clerk of the Board
- Foreperson, Grand Jury
- Eide Bailly LLP, County External Auditor

**COUNTY OF ORANGE  
TREASURER-TAX COLLECTOR**

Internal Audit of Tax Redemption Officer  
Records and Accounts

For the Three Years Ended June 30, 2023



March 24, 2026

Shari Freidenrich, CPA  
Treasurer-Tax Collector  
County of Orange  
Santa Ana, California

We have completed an internal audit of the records and accounts of the Tax Redemption Officer, pursuant to California Revenue and Taxation Code Section 4108.5 for the three years ended June 30, 2023. Immediately following this letter is an executive summary describing our objectives, scope and methodology, engagement limitations, and summary of results. Additional information on the results and procedures is included in Attachment A.

The County of Orange Internal Audit Department will include the results of this audit in a future status report submitted quarterly to the Audit Oversight Committee and the Board of Supervisors.

We appreciate the courtesy extended to us by Treasurer-Tax Collector's personnel during our audit.

*Macias Gini & O'Connell LLP*  
Irvine, California

Attachments

Other recipients of this report:

- Members, Board of Supervisors
- Members, Audit Oversight Committee
- Treasurer-Tax Collector Distribution
- Robin Stieler, Clerk of the Board
- Foreperson, Grand Jury
- Eide Bailly LLP, County External Auditor

**COUNTY OF ORANGE TREASURER-TAX COLLECTOR**  
Internal Audit of Tax Redemption Officer Records and Accounts  
For the Three Years Ended June 30, 2023

**EXECUTIVE SUMMARY**

Macias Gini & O’Connell LLP was engaged to complete an internal audit of the County of Orange (County) Treasurer-Tax Collector’s (T-TC) compliance with California Revenue & Taxation Code (R&T) Section 4108.5 for the three years ended June 30, 2023. R&T mandates an audit be performed every three years regarding the T-TC’s collections of defaulted property taxes.

<b>OBJECTIVES</b>	<p>The Internal Audit was designed to determine whether the T-TC redemption records and accounts compliance with R&amp;T Part 7 (sections 4101 through 4379); specifically, to determine if:</p> <ol style="list-style-type: none"> <li>1. Redemption amounts and fees were calculated, charged, and collected appropriately.</li> <li>2. Accounts for installment plans were accounted for and redeemed appropriately.</li> <li>3. T-TC appropriately maintained the delinquent roll and County A-C (A-C) charged the T-TC with the amounts shown on the delinquent roll.</li> </ol>
<b>SCOPE AND METHODOLOGY</b>	<p>Our internal audit scope was limited to determining whether T-TC’s redemption records and accounts complied with R&amp;T Part 7 for the three years ended June 30, 2023. Our methodology included inquiry, observation, examination of documentation, and testing of relevant transactions.</p> <p>This internal audit was conducted in accordance with the International Professional Practices Framework (IPPF) for internal auditing and the Global Internal Audit Standards, as promulgated by the Institute of Internal Auditors (IIA).</p> <p>Our internal audit did not include a review of the property tax apportionment process performed by the A-C or a detailed review of information system controls used in the redemption process. However, our scope did include reviewing selected system controls and audit trails concerning redemptions and installment accounts processed. For the period of July 1, 2020 through September 18, 2022, the T-TC used the Assessment Tax System (ATS) to process redemption and installment payments. Beginning September 19, 2022, the A-C replaced ATS with the Property Tax System (PTS) and the T-TC began processing redemption and installment payments in the new system. There were no changes in business process identified as PTS was configured substantially the same as ATS.</p>
<b>PRIOR AUDIT COVERAGE</b>	<p>An audit with similar scope, Audit of Tax Redemption Officer Records and Accounts for the three years ended June 30, 2020, was completed by the County of Orange Internal Audit Department and issued on June 22, 2021. (Audit No.2024).</p>

**COUNTY OF ORANGE TREASURER-TAX COLLECTOR**  
 Internal Audit of Tax Redemption Officer Records and Accounts (Continued)  
 For the Three Years Ended June 30, 2023

<b>BACKGROUND</b>	<p>As stated in R&amp;T Part 7, section 4105, the T-TC “shall be the redemption officer of the county.” As the Tax Redemption Officer for the County, the T-TC performs the duties defined in R&amp;T Part 7 with the assistance of the Tax Collections Services Unit who, under oversight by the TT-C, performs the day-to-day procedures. These duties include maintaining abstracts of delinquent secured and supplemental taxes; calculating and collecting interest and penalties on delinquent taxes; verifying specific conditions have been met before property is redeemed by property owners; and issuing certificates for redeemed property. Any property that has unpaid current year or prior year taxes, assessments, penalties, or costs that remain unpaid as of July 1st of the current year are declared delinquent and tax-defaulted. The act of redemption involves payment of all defaulted taxes and related penalties, fees, and costs before the property becomes subject to the power to sell by the T-TC. The total dollar volume of redemption collections during the three years ended June 30, 2023, was approximately \$200 million for secured taxes and \$20.3 million for supplemental taxes.</p>
<b>MANAGEMENT’S RESPONSIBILITY FOR INTERNAL CONTROL</b>	<p>In accordance with the A-C’s County Accounting Manual Section S-2 Internal Control Systems:</p> <p>“All County departments/agencies shall maintain effective internal control systems as an integral part of their management practices. This is because management has primary responsibility for establishing and maintaining the internal control system. All levels of management must be involved in assessing and strengthening internal controls.”</p> <p>Control systems shall be continuously evaluated by Management and weaknesses, when detected, must be promptly corrected. The criteria for evaluating internal control is the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control – Integrated Framework. Our assessment of T-TC’s internal control over Tax Redemption Officer records and accounts under this engagement enhances and complements but does not substitute for T-TC management’s responsibility for the assessment of control risks and the design, implementation, and monitoring of control mitigating activities.</p>
<b>INTERNAL CONTROL LIMITATIONS</b>	<p>Because of inherent limitations in any system of internal control, errors or irregularities may occur and not be detected. Specific examples of limitations include, but are not limited to, resource constraints, unintentional errors, management override, circumvention by collusion, and poor judgment. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or the degree of compliance with the procedures may deteriorate. Accordingly, our audit would not necessarily disclose all weaknesses in the department’s operating procedures, accounting practices, and compliance with County policy.</p>

**COUNTY OF ORANGE TREASURER-TAX COLLECTOR**  
Internal Audit of Tax Redemption Officer Records and Accounts (Continued)  
For the Three Years Ended June 30, 2023

<b>SUMMARY OF RESULTS AND FINDINGS</b>	<p>We concluded the T-TC's records and accounts complied with R&amp;T Sections 4101 through 4379; specifically,</p> <ol style="list-style-type: none"><li>1. Redemption amounts and fees were calculated, charged, and collected appropriately.</li><li>2. Accounts on installment plans were accounted for and redeemed appropriately.</li><li>3. T-TC appropriately maintained the delinquent roll and Auditor-Controller (A-C) charged the T-TC with the amounts shown on the delinquent roll.</li></ol> <p>There were no findings identified in this internal audit.</p>
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## ATTACHMENT A

**COUNTY OF ORANGE TREASURER-TAX COLLECTOR**  
 Internal Audit of Tax Redemption Officer Records and Accounts – Results  
 For the Three Years Ended June 30, 2023

**RESULTS**

**BUSINESS  
PROCESS &  
INTERNAL  
CONTROL  
STRENGTHS**

During the three-year period ended June 30, 2023, the A-C replaced ATS with PTS, effective September 19, 2022. This change did not affect the business process and reporting of the property tax redemption and installment process as PTS was configured similarly to ATS. Information from both systems was used to complete this engagement and noted as such below.

Business process and internal control strengths noted during our audit include:

- Properties are maintained in the ATS/PTS and identified by using unique Assessor's Parcel Numbers (APN).
- Redemption amounts are automatically calculated in ATS/PTS based on R&T Section 4102 requirements.
- A Tax Default Number (TDN) is assigned to properties declared delinquent and tax-defaulted.
- ATS/PTS contains all information relevant to installment accounts including status, collections, parcel history, etc. The installment account number in ATS/PTS is linked to the TDN & APN in ATS/PTS.
- Procedures are in place to track account defaults, process account payoffs, and to perform reconciliations for redemption activity.
- T-TC prepares an abstract list of unpaid items from the delinquent roll each year.
- The delinquent roll is on file with T-TC, and the A-C charged the T-TC with the amount of taxes, penalties, and costs unpaid shown on the delinquent roll. T-TC has a convenient and appropriate index record of tax-defaulted properties that is maintained to reflect the immediate status of all items.
- The ATS/PTS reports and delinquent roll are verified and approved by the A-C to report property on which all or any part of the taxes are unpaid.

<b>OBJECTIVE NO. 1</b>	Determine if redemption amounts and fees were calculated, charged, and collected appropriately.
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<b>RESULT</b>	Redemption amounts and fees were calculated, charged, and collected appropriately.
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<b>OBJECTIVE NO. 2</b>	Determine if accounts on installment plans were accounted for and redeemed appropriately.
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<b>RESULT</b>	Accounts on installment plans were accounted for and redeemed appropriately.
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<b>OBJECTIVE NO. 3</b>	Determine if T-TC appropriately maintained the delinquent roll and if A-C charged the T-TC with the amounts shown on the delinquent roll.
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<b>RESULT</b>	T-TC appropriately maintained the delinquent roll and A-C charged the T-TC with the amounts shown on the delinquent roll.
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