

**STATE OF ILLINOIS
PROPERTY TAX APPEAL BOARD**

COMPLIANCE EXAMINATION

For the Two Years Ended June 30, 2020

STATE OF ILLINOIS
PROPERTY TAX APPEAL BOARD
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2020

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BOARD OFFICIALS

Executive Director & General Counsel (10/15/20 – Present)	Mr. Michael O’Malley
Executive Director & General Counsel (03/27/19 – 10/14/20)	Mr. Mauro Glorioso
Acting Executive Director & General Counsel (07/01/18 – 03/26/19)	Mr. Steven Waggoner
Chief Administrative Law Judge	Mr. Steven Waggoner
Chief Fiscal Officer	Mr. James Moffat
Chief Information Officer	Mr. David Suarez

BOARD OFFICERS

Chair of the Board (03/21/20 – Present)	Mr. Kevin Freeman
Interim Chair of the Board (03/23/19 – 03/20/20)	Mr. James Bilotta
Chair of the Board (07/01/18 – 03/22/19)	Mr. Mauro Glorioso

GOVERNING BOARD MEMBERS

Board Member (03/13/20 – Present)	Ms. Sarah Buckley
Board Member (03/27/19 – 03/12/20)	Vacant
Board Member (07/01/18 – 03/26/19)	Mr. Mauro Glorioso
Board Member	Mr. James Billotta
Board Member	Ms. Dana Kinion
Board Member	Mr. Robert Steffen
Board Member	Mr. Kevin Freeman

BOARD OFFICES

The Board’s primary administrative offices are located at:

402 Stratton Office Building
401 South Spring Street
Springfield, Illinois 62706

Suburban North Office Facility
9511 West Harrison Street, Suite LL-54
Des Plaines, Illinois 60016



State of Illinois
PROPERTY TAX APPEAL BOARD

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KEVIN L. FREEMAN
Chairman

MICHAEL I. O'MALLEY
Executive Director & General Counsel

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STATE COMPLIANCE EXAMINATION

MANAGEMENT ASSERTION LETTER

Honorable Frank J. Mautino
Auditor General
State of Illinois
740 East Ash Street
Springfield, Illinois 62703-3154

January 5, 2022

Auditor General Mautino:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the of the State of Illinois, Property Tax Appeal Board (Board). We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the Board's compliance with the following specified requirements during the two-year period ended June 30, 2020. Based on this evaluation, we assert that during the years ended June 30, 2019, and June 30, 2020, the Board has materially complied with the specified requirements listed below.

- A. The Board has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Board has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.
- C. The Board has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

BOARD MEMBERS

Jim Bilotta
Frankfort

Robert J. Steffen
South Barrington

Dana D. Kinion
Springfield

Sarah Buckley
Chicago

D. State revenues and receipts collected by the Board are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate, and in accordance with law.

Yours truly,

State of Illinois, Property Tax Appeal Board



Michael O'Malley,
Executive Director & General Counsel



James Moffat,
Chief Fiscal Officer

STATE OF ILLINOIS
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COMPLIANCE REPORT

SUMMARY

The compliance testing performed during this examination was conducted in accordance with *Government Auditing Standards* and the Illinois State Auditing Act.

ACCOUNTANT’S REPORT

The Independent Accountant’s Report on State Compliance, on Internal Control Over Compliance, and on Supplementary Information for State Compliance Purposes contains a qualified opinion on compliance and identifies material weaknesses in internal control over compliance.

SUMMARY OF FINDINGS

<u>Number of</u>	<u>Current</u>	<u>Prior</u>
<u>Findings</u>	<u>Report</u>	<u>Report</u>
Findings	13	3
Repeated Findings	3	1
Prior Recommendations Implemented or Not Repeated	0	0

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Last/First</u> <u>Report</u>	<u>Description</u>	<u>Finding Type</u>
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FINDINGS (STATE COMPLIANCE)

2020-001	11	2018/2004	Timeliness of Hearings	Material Weakness and Material Noncompliance
2020-002	13	2018/2018	Inadequate Controls over Equipment	Material Weakness and Material Noncompliance
2020-003	16	New	Inadequate Control over Receipts	Material Weakness and Material Noncompliance

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<u>Item No.</u>	<u>Page</u>	<u>Last/First Report</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (STATE COMPLIANCE)				
2020-004	18	New	Inadequate Control over Reconciliations	Material Weakness and Material Noncompliance
2020-005	20	New	Lack of Due Diligence over ERP Transition	Material Weakness and Material Noncompliance
2020-006	21	2018/2018	Inadequate Control over Performance Evaluations	Significant Deficiency and Noncompliance
2020-007	23	New	Inadequate Control over Timekeeping Files	Significant Deficiency and Noncompliance
2020-008	24	New	Inadequate Control over Agency Fee Imposition Reports	Significant Deficiency and Noncompliance
2020-009	26	New	Failure to Prepare and Submit Required Reports	Significant Deficiency and Noncompliance
2020-010	28	New	Information Security Weaknesses	Significant Deficiency and Noncompliance
2020-011	31	New	Lack of Interagency Agreement with DoIT	Significant Deficiency and Noncompliance
2020-012	32	New	Delayed Audit Request Responses	Significant Deficiency and Noncompliance
2020-013	35	New	Inadequate Control over Report Component	Significant Deficiency and Noncompliance

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EXIT CONFERENCE

The Board waived an exit conference in a correspondence from Michael O'Malley, Executive Director & General Counsel, on December 16, 2021. The responses to the recommendations were provided by James Moffat, Chief Fiscal Officer, in a correspondence dated January 5, 2022.

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OFFICE OF THE AUDITOR GENERAL
FRANK J. MAUTINO

**INDEPENDENT ACCOUNTANT'S REPORT
ON STATE COMPLIANCE, ON INTERNAL CONTROL OVER COMPLIANCE, AND
ON SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES**

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

Governing Board
State of Illinois, Property Tax Appeal Board

Compliance

We have examined compliance by the State of Illinois, Property Tax Appeal Board (Board) with the specified requirements listed below, as more fully described in the *Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide)* as adopted by the Auditor General, during the two years ended June 30, 2020. Management of the Board is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the Board's compliance with the specified requirements based on our examination.

The specified requirements are:

- A. The Board has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Board has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.
- C. The Board has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

- D. State revenues and receipts collected by the Board are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate, and in accordance with law.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Illinois State Auditing Act (Act), and the Audit Guide. Those standards, the Act, and the Audit Guide require that we plan and perform the examination to obtain reasonable assurance about whether the Board complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the Board complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance with the specified requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our modified opinion.

Our examination does not provide a legal determination on the Board's compliance with the specified requirements.

Our examination disclosed material noncompliance with the following specified requirements applicable to the Board during the two years ended June 30, 2020. As described in the accompanying Schedule of Findings as items 2020-001 through 2020-005, the Board had not complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations. As described in the accompanying Schedule of Findings as item 2020-003, the Board had not ensured the State revenues and receipts collected by the Board were in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts was fair, accurate, and in accordance with law.

In our opinion, except for the material deviations from the specified requirements described in the preceding paragraph, the Board complied with the specified requirements during the two years ended June 30, 2020, in all material respects. However, the results of our procedures disclosed instances of noncompliance with the specified requirements, which are required to be reported in accordance with criteria established by the *Audit Guide* and are described in the accompanying Schedule of Findings as items 2020-006 through 2020-013.

The Board's responses to the compliance findings identified in our examination are described in the accompanying Schedule of Findings. The Board's responses were not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the responses.

The purpose of this report is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Internal Control Over Compliance

Management of the Board is responsible for establishing and maintaining effective internal control over compliance with the specified requirements (internal control). In planning and performing our examination, we considered the Board's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Board's compliance with the specified requirements and to test and report on the Board's internal control in accordance with the Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the specified requirements on a timely basis. A *material weakness in internal control* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as items 2020-001 through 2020-005 to be material weaknesses.

A *significant deficiency in internal control* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as items 2020-006 through 2020-013 to be significant deficiencies.

As required by the *Audit Guide*, immaterial findings excluded from this report have been reported in a separate letter.

The Board's responses to the internal control findings identified in our examination are described in the accompanying Schedule of Findings. The Board's responses were not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the responses.

The purpose of this report is solely to describe the scope of our testing of internal control and the results of that testing based on the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Supplementary Information for State Compliance Purposes

Our examination was conducted for the purpose of forming an opinion on the Board's compliance with the specified requirements. The accompanying supplementary information for the years ended June 30, 2020, and June 30, 2019, in Schedules 1 through 6 and the Analysis of Operations section are presented for purposes of additional analysis. Such information is the responsibility of Board management. We have applied certain limited procedures as prescribed by the *Audit Guide* to the accompanying supplementary information for the years ended June 30, 2020, and June 30, 2019, in Schedules 1 through 6. We have not applied procedures to the accompanying supplementary information for the year ended June 30, 2018, in Schedules 3 through 6 and in the Analysis of Operations Section. We do not express an opinion, a conclusion, nor provide any assurance on the accompanying supplementary information in Schedules 1 through 6 or the Analysis of Operations Section.



JANE CLARK, CPA
Director of Financial and Compliance Audits

Springfield, Illinois
January 5, 2022

STATE OF ILLINOIS
PROPERTY TAX APPEAL BOARD
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2020

2020-001. **FINDING** (Timeliness of Hearings)

The Property Tax Appeal Board (Board) did not allow for the speedy hearing of all appeals.

During testing, we noted the following:

- The Board has a backlog of property tax appeal cases. As of June 30, 2020, the Board had over 100,000 cases which were still pending, and the increase in cases has been exponential over the past few years. It would take many years to fully process the backlog given the current increase in case load, as well as current staffing levels.
- The Board did not allow for a speedy hearing of appeal cases. We analyzed 100% of the cases closed during the examination period and pending as of June 30, 2020, and noted the following:

- 33,041 of 57,478 (57%) cases were closed over two years from the receipt date.

Length of Time Taken to Complete Case				
Timeframe:	< 1 Year	1 – 2 Years	2 – 3 Years	> 3 Years
Total Number of Cases:	10,291 (18%)	14,146 (25%)	19,854 (34%)	13,187 (23%)

- 26,367 of 100,522 (26%) cases were pending over two years from the receipt date.

Length of Time Case was Pending as of June 30, 2020				
Timeframe:	< 1 Year	1 – 2 Years	2 – 3 Years	> 3 Years
Total Number of Cases:	45,326 (45%)	28,829 (29%)	19,416 (19%)	6,951 (7%)

The Property Tax Code (35 ILCS 200/16-180) requires the Board to provide for the speedy hearing of all appeals. Although speedy is not defined in this statute, we have used two years as a general criteria to gauge speedy hearings.

The Board was first cited for noncompliance with performing speedy hearings for appeals during the compliance examination for the two years ended June 30, 2004. In the years since the finding was first noted, the Board has not been successful in correcting the finding.

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As in the prior examination, Board management indicated the issues noted above were due to lack of personnel and human resources to complete the exponential increase in case load year after year and the backlog of cases.

Without adequate staffing to timely process property tax appeals, the Board jeopardizes compliance with its statutory mandate and the taxpayer is not adequately served. Additionally, due to the lack of staffing, the backlog of property tax appeal cases has become unmanageable. (Finding Code No. 2020-001, 2018-001, 2016-001, 2014-001, 12-1, 10-1, 08-1, 06-1, 04-2)

RECOMMENDATION

We recommend the Board work with the Governor and the General Assembly to increase its headcount, which will assist the Board in providing for the speedy hearing of all new appeals and decrease the backlog of appeals.

BOARD RESPONSE

The Board accepts this finding. The Property Tax Appeal Board continues to seek additional funding and headcount to hire more administrative law judge staff to increase the amount of appeals that can be adjudicated annually. PTAB has received additional funding and headcount in FY21 to hire additional staff. The hiring of staff was slowed by the COVID-19 pandemic but PTAB recently hired four additional full-time Hearing Officers to assist in reducing the backlog. PTAB also has three former PTAB employees on Personal Services Contracts to assist as well. The amount of appeal received by PTAB increases annually. FY21 saw a record of over 57,000 appeals received in one year.

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PROPERTY TAX APPEAL BOARD
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2020

2020-002. **FINDING** (Inadequate Controls over Equipment)

The Property Tax Appeal Board (Board) failed to establish adequate controls over its State property records and related reporting.

During testing, we noted the following:

- We were unable to reconcile the Comptroller’s *Monthly Object Expense/Expenditures by Quarter Report* (SA02) to the Board’s *Agency Report of Fixed Assets* (Form C-15). The unexplained differences between the Board’s SA02 reports and the Board’s Form C-15s during the examination are as follows:

Fiscal Year	SA02	C-15	Supported Adjustments	Unexplained Difference
2019	\$ 104,068	\$ 0	\$ 4,077	\$ 99,991
2020	\$ 23,225	\$2,734	\$ 1,057	\$ 19,434

The Statewide Accounting Management System's (SAMS) Manual (Procedure 07.30.20) states the effectiveness of any accounting and financial information system is very much dependent on the accuracy of data submitted and the confidence of its users that the system handles that data properly. SAMS Manual (Procedure 07.30.20) also states that the Board must reconcile its records to SAMS on a monthly basis, including the SA02.

The SAMS Manual (Procedure 29.20.10) provides the procedures to follow in preparing the Form C-15 properly.

- The Board could not provide support for deletions it listed on its Fiscal Year 2019, Form C-15, totaling \$72,752. Furthermore, when the auditors asked for a listing of the Board's deletions, these items were not listed.

Due to these conditions, we were unable to conclude whether the Board's deletion population records were sufficiently precise and detailed under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.35).

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Even given the population limitation noted above which hindered the ability of the accountants to conclude whether selected samples were representative of the population as a whole, we performed testing and noted the following:

- Board management stated one item, valued at \$3,495, was sent to the Department of Central Management Services (DCMS) and is no longer in the Board's possession, but the item remained on the Board's property listing as of June 30, 2020. Thus, the Board's property records were overstated by \$3,495.

The Illinois Administrative Code (Ill. Admin. Code 5010.400) requires the Board to adjust property records within 90 days after acquisition, change, or deletion of equipment items.

- One of 1 (100%) equipment items removed from the Board during the examination period, totaling \$6,995, was not included on the Board's Fiscal Year 2019 Form C-15 for Quarter 3.

The SAMS Manual (Procedure 29.20.10) requires the Board to enter, on the appropriate line, all deletions to each asset category that occurred during the quarter being reported. Deductions include reductions, corrections of prior year errors, and unplanned terminations of capital lease assets.

- The Board failed to remove surplus property from its prior examination's Form C-15, resulting in a \$15,471 overstatement in the Board's property amount reported on the current examination Form C-15s.

The SAMS Manual (Procedure 29.20.10) requires the Board to report the net amount of transfers in/out.

- The Board was unable to provide the auditors with the Fiscal Year 2018 and Fiscal Year 2019 property listings submitted to the DCMS alongside its annual certifications of inventory.

Per 44 Illinois Administrative Code 5010.460, the Board is required to complete and sign the "Certification of Inventory" and "Discrepancy Report" and forward the completed certificate, with a complete inventory listing, including a listing of all vehicles to the DCMS.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Board to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that revenues, expenditures, and transfers of assets, resources, or funds applicable to

STATE OF ILLINOIS
PROPERTY TAX APPEAL BOARD
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For the Two Years Ended June 30, 2020

operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources. In addition, the State Records Act (5 ILCS 160/8) requires the Board to make and preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the Board design to furnish information to protect the legal and financial rights of the State and of persons directly affected by the Board's activities.

In the prior examination, Board personnel stated the issues noted were due to oversight and the switch to the ERP system. In the current examination, Board management indicated the underlying cause was employee error.

Failure to exercise adequate control over property and to maintain accurate and complete property records increases the potential for fraud and loss of property. In addition, inaccurate reporting hinders the accuracy of Statewide financial information and may result in unnecessary equipment expenditures by the State. Further, the absence of complete and accurate property records results in incorrect accounting records and noncompliance with State laws, rules, and regulations. (Finding Code No. 2020-002, 2018-002)

RECOMMENDATION

We recommend the Board strengthen its internal controls over recording and reporting of State property by reviewing its inventory items and inventory listing to ensure it is accurate and up-to-date. In addition, the Board should thoroughly review all reports prepared from its records for accuracy and completeness prior to submission.

BOARD RESPONSE

The Board accepts this finding. The PTAB has strengthened its internal controls over recording and reporting of State property. PTAB has reviewed its inventory items and inventory listing, and PTAB will work to keep its inventory listing up to date.

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2020-003. **FINDING** (Inadequate Control over Receipts)

The Property Tax Appeal Board (Board) did not maintain adequate controls over its receipts process and receipt recordkeeping.

During testing, we noted the following:

- The Board's receipts logs for Fiscal Year 2019 did not reconcile with the Comptroller's *Monthly Revenue Status Report* (SB04). The auditor noted a difference of \$179 for Fiscal Year 2019.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Board to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that revenues applicable to the operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources. In addition, the Statewide Accounting Management System's Manual (SAMS) (Procedure 25.40.20) requires the Board to perform monthly reconciliations of its receipts to the SB04 prepared by the Comptroller.

Due to these conditions, we were unable to conclude whether the Board's population records were sufficiently precise and detailed under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.35).

Even given the population limitation noted above which hindered the ability of the accountants to conclude whether selected samples were representative of the population as a whole, we performed testing and noted the following:

- One of 7 (14%) receipts tested, totaling \$810, was not deposited on a timely basis. The receipt was deposited 87 days late.

The State Officers and Employees Money Disposition Act (30 ILCS 230/2a(4)) requires any balances of more than \$500 to be paid into the State Treasury on Monday of each week.

Board management indicated the issues were due to employee error.

Untimely deposits delay realization of cash available for expenditure in the State Treasury and could result in untimely payment of vouchers by the Comptroller. Additionally, the failure to reconcile the Board's records to the Office of the Comptroller's records represents noncompliance with SAMS and could result in incomplete or inaccurate financial information. (Finding Code No. 2020-003)

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RECOMMENDATION

We recommend the Board strengthen its internal controls over recording and reporting of its receipts by reconciling its receipt information to Comptroller reports as required. In addition, the Board should ensure receipts are timely deposited.

BOARD RESPONSE

The Board accepts this finding. PTAB has taken steps to strengthen its internal controls over recording and reporting its receipts after transitioning to the ERP System. There was not an issue with FY20 receipts, and in FY21 we have had no receipts in the first half of the fiscal year to reconcile.

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2020-004. **FINDING** (Inadequate Control over Reconciliations)

The Property Tax Appeal Board (Board) did not maintain adequate controls over its monthly reconciliations.

During testing, we noted the following:

- For 4 of 4 (100%) months tested, we were unable to determine if the Board performed monthly reconciliations to the Comptroller's *Monthly Object Expense/Expenditures By Quarter Reports* (SA02) in a timely manner or if the reconciliations were performed by the proper individual, as support for the reconciliations were not provided.

The Statewide Accounting Management System (SAMS) Manual (Procedure 07.30.20) requires the Board to perform monthly reconciliations of its records to the SA02 prepared by the Comptroller. Further, the reconciliations must be completed within 60 days of the month end.

- For 19 of 19 (100%) months tested, we were unable to determine if the Board timely performed monthly reconciliations to the Comptroller's *Monthly Revenues Status Report* (SB04), as the support did not have dates of when the reconciliation occurred.

SAMS Manual (Procedure 25.40.20) requires the Board to perform monthly reconciliations of its records to the SB04 prepared by the Comptroller. Further, the reconciliations must be completed within 60 days of the month end.

Board management indicated it did not perform the SA02 reconciliations, as it was unaware of the requirement. Furthermore, the Board management indicated the lack of documentation for the dates it performed its SB04 reconciliations was due to employee error.

Failure to properly reconcile the Board's records to the Comptroller's records in a timely manner and retain documentary evidence of when the reconciliations were performed represents noncompliance with SAMS and could result in incomplete or inaccurate financial information. (Finding Code No. 2020-004)

RECOMMENDATION

We recommend the Board timely prepare reconciliations as required by the SAMS Manual.

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BOARD RESPONSE

The Board accepts this finding. PTAB has been completing all required monthly reconciliations as required by the SAMS Manual. SB04 reconciliations are now dated so auditors can verify they are done within the sixty-day timeframe for completion. PTAB also now utilizes automated reconciliation functions available thru ERP (HANA) which contain a date and time signature.

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2020-005. **FINDING** (Lack of Due Diligence over ERP Transition)

The Property Tax Appeal Board (Board) lacked due diligence over the transition to the Enterprise Resource Planning (ERP) program.

On July 1, 2018, the Board implemented the State of Illinois' ERP program as its business process management system for tracking assets, contracts, obligations, and vouchers.

As part of the Board's transition to the ERP program, it converted data from their legacy system. In order to determine if the data had converted correctly, we requested the Board's documentation and reconciliation. However, the Board was unable to provide documentation and reconciliation of opening balances to its continuing appropriations and assets.

Further, during the testing of equipment and receipts we noted material exceptions. See Findings 2020-002 and 2020-003, respectively.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that resources are utilized efficiently, effectively, and in compliance with applicable law and obligations and costs are in compliance with applicable laws. In addition, the Security and Privacy Controls for Information Systems and Organizations (Special Publication 800-53 (Fifth Revision)) published by the National Institute of Standards and Technology (NIST), System and Service Acquisition section requires entities to develop and conduct system development activities, including reconciliation of converted data to ensure the data converted completely and accurately to the new systems.

Board management stated it completed all activities required by the Department of Innovation and Technology.

The Board's lack of due diligence resulted in a lack of assurance over the accuracy of the data and possible data errors. (Finding Code No. 2020-005)

RECOMMENDATION

We recommend the Board establish controls over reconciliations and conversion of data during system development projects, such as the ERP program.

BOARD RESPONSE

The Board accepts.

STATE OF ILLINOIS
PROPERTY TAX APPEAL BOARD
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2020

2020-006. **FINDING** (Inadequate Control over Performance Evaluations)

The Property Tax Appeal Board (Board) did not exercise adequate controls over evaluating its employees' performance during the period.

Our testing involved 17 evaluations to be performed for 10 employees. We noted the following:

- Evaluations were not performed timely for 9 of 10 (90%) employees tested. Fifteen of 17 (88%) evaluations tested were between 1 and 326 days late.
- One of 17 (6%) evaluations selected for testing could not be located in the employee's personnel file.

The Board's Employee Handbook, Section 4-1 requires evaluations to take place annually (no specified time frame). In addition, the Illinois Administrative Code (80 Ill. Admin. Code 302.270(d)) requires the Board to prepare a performance evaluation for each certified employee no less often than annually. Good business practices require employee performance evaluations to be performed in a timely manner, which we have determined to be 30 days after the evaluation period for annual performance evaluations.

Further, the State Records Act (5 ILCS 160/8) requires the Board to make and preserve records containing adequate and proper documentation of the policies, decisions, and procedures designed to protect the legal and financial rights of the State. Lastly, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Board to establish and maintain a system or systems of internal fiscal and administrative control. Effective internal controls should include procedures to ensure personnel evaluations are properly completed and maintained in each employee's personnel file.

In the prior examination, Board management indicated the issues noted above were due to oversight. In the current examination, Board management indicated the issues were due to employee error.

Performance evaluations are a systematic and uniform approach used for the development of employees and communication of performance expectations to employees. Performance evaluations serve as a foundation for salary adjustments, promotion, demotion, discharge, layoff, recall, and reinstatement decisions. (Finding Code No. 2020-006, 2018-003)

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RECOMMENDATION

We recommend the Board take appropriate measures to ensure performance evaluations are conducted timely and are maintained in each employee's file.

BOARD RESPONSE

The Board accepts this finding and has taken appropriate measures to ensure performance evaluations are conducted timely and are maintained in each employee's file.

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For the Two Years Ended June 30, 2020

2020-007. **FINDING** (Inadequate Control over Timekeeping Files)

The Property Tax Appeal Board (Board) did not maintain adequate controls over its timekeeping files.

Preapproval of leave time taken was not documented for 9 of 10 (90%) employees tested. Our testing included examining the timeliness of leave slip submission for 102 instances for the 10 employees tested, and we noted 36 (35%) leave slips tested were submitted 1 to 8 days late.

The Board's Employee Handbook, Section 6.1, requires an employee to obtain approval prior to use of vacation time. Section 6.3 requires personal time to be scheduled sufficiently in advance. Section 6.5 requires doctor's appointments or other known instances should be pre-approved. Other illness should be entered/supervisor notified within 1 hour of start time.

Board management indicated the issues were due to outdated written employee policies and procedures which do not reflect the current practices of the Board and competing priorities which do not give the Board time to update the written handbook.

Failure to establish and maintain adequate controls over employee submissions of time off could lead to errors in employee leave balances, and employee time worked. (Finding Code No. 2020-007)

RECOMMENDATION

We recommend the Board update its written handbook to accurately reflect what its policies related to leave time are currently.

BOARD RESPONSE

The Board disagrees with this finding but will implement the recommendation.

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SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2020

2020-008. **FINDING** (Inadequate Control over Agency Fee Imposition Reports)

The Property Tax Appeal Board (Board) did not maintain adequate controls over its Agency Fee Imposition Reports.

During testing, we noted the following:

- The total receipts reported on the Board's Fiscal Year 2019 Agency Fee Imposition Report did not agree to the Board's receipt ledgers. The receipts reported were overstated by \$18.
- The total receipts reported on the Board's Fiscal Year 2019 Agency Fee Imposition Report did not agree to the Comptroller's Monthly Revenue Status Report (SB04). The auditor noted a difference of \$148 for Fee 1 (Account Code 1290) and \$1,100 for Fee 3 (Account Code 1228), totaling \$1,248.

The Statewide Accounting Management System (SAMS) Manual (Procedure 33.16.10) requires the Board to annually complete the Agency Fee Imposition Report and include the total amount of revenue generated by the fee during the fiscal year for which the report is prepared. The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Board to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation and maintain accountability over the State's resources.

Board management indicated the issues noted were due to employee error.

Failure to accurately report the Board's receipt records to the Office of the Comptroller via the Agency Fee Imposition Report represents noncompliance with SAMS and submission of inaccurate reports to the Office of Comptroller could result in incomplete or inaccurate financial reporting at the State level. (Finding Code No. 2020-008)

RECOMMENDATION

We recommend the Board ensure its reports are complete and accurate prior to submission which includes ensuring it reconciles to the Comptroller's data as well as its own records.

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BOARD RESPONSE

The Board accepts this finding.

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PROPERTY TAX APPEAL BOARD
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2020

2020-009. **FINDING** (Failure to Prepare and Submit Required Reports)

The Property Tax Appeal Board (Board) failed to prepare and submit required reports within the statutorily required timeline.

Annual Reports

As of June 30, 2020, the Board had not submitted an annual report for either Calendar Year 2018 or Calendar Year 2019 to the Governor's Office. At the end of the examination period, the reports were 514 and 149 days overdue, respectively. The Calendar Year 2018 and Calendar Year 2019 reports are available on the Board's website, but the Governor's Office was not provided copies of the annual report.

The Property Tax Code (35 ILCS 200/16-190) requires the report to be submitted annually, no later than February 1.

Distribution of Publications

The Board did not inform the Government Documents Section of the State Library in writing of the person(s) responsible for the distribution of publications of the Board annually.

The Illinois Administrative Code (23 Ill. Admin. Code 3020.150) requires by January 15 of each year, the Board to inform the Government Documents Section in writing of the person, persons, or positions responsible for distribution of publications of the Board and within two weeks after any changes. The requirement was changed to July 15, effective January 7, 2020.

Board management indicated it believed it had completed the required items in accordance with statute. However, we noted the Governor's Office never received the annual reports and the Board could not provide documentation showing they notified the State Library in writing of their person(s) responsible for distribution of publications.

Failure to file and submit annual reports results in noncompliance with the Illinois Compiled Statutes and reduces available information which may be used in making budget and policy decisions. Failure to inform the Government Documents Section of the State Library in writing of the person(s) responsible for distribution of publications is a violation of the Illinois Administrative Code and inhibits follow up on reports and confirmation that reports are received from authorized persons. (Finding Code No. 2020-009)

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For the Two Years Ended June 30, 2020

RECOMMENDATION

We recommend the Board ensure its reports and required notifications are submitted timely in accordance with State statute and administrative rules.

BOARD RESPONSE

The Board disagrees. PTAB's Chief Information Officer personally placed a copy of the report in an envelope both years and sent it to 207 Statehouse via CMS Messenger Mail.

ACCOUNTANT'S COMMENT

We maintain the Board did not submit its annual reports to the Governor, as it was unable to provide us with auditable evidence to support its claim of submission of the annual reports.

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PROPERTY TAX APPEAL BOARD
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2020

2020-010. **FINDING** (Information Security Weaknesses)

The Property Tax Appeal Board (Board) has computer security weaknesses.

During testing, we noted the following:

- The Board did not conduct a formal review of its service provider's System and Organization Controls (SOC) Reports and document the Complementary User Entity Controls.

The Security and Privacy Controls for Information Systems and Organizations (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology (NIST), Maintenance and System and Service Acquisition sections, requires entities outsourcing their IT environment or operations to obtain assurance over the entities internal controls related to the services provided. Such assurance may be obtained via System and Organization Control reports or independent reviews.

- The Board did not have an approved and tested disaster contingency plan to ensure timely recovery of critical computer systems during the examination period.

The Security and Privacy Controls for Information Systems and Organizations (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology (NIST), Contingency Planning sections, requires entities to develop a disaster contingency policy that addresses purpose, scope, roles, responsibilities, management commitment, coordination among organizational entities, and compliance; and is consistent with applicable laws, executive orders, directives, regulations, policies, standards, and guidelines.

- The Board was not performing and documenting a periodic review of the access rights for applications utilized by the Board. The Accounting Information System, Central Timesheet and Attendance System, eTime, Central Payroll System, and PTAB 2000 applications utilized by the Board did not have access rights periodically reviewed.
- During our review of access rights for applications utilized by the Board it was noted an employee was accessing the application using an account from an employee who was no longer employed.

Generally accepted information technology guidance endorses the development of well-designed and well-managed controls to protect computer systems and data.

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- The Board's policies and procedures regarding confidential and sensitive information was not sufficient. The policies and procedures did not address what information is considered confidential or sensitive or where specifically that information is stored to ensure it is safeguarded against unauthorized use.

The Security and Privacy Controls for Information Systems and Organizations (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology (NIST), Personally Identifiable Information Processing and Transparency section, requires entities to develop a personally identifiable information processing and transparency policy that addresses purpose, scope, roles, responsibilities, management commitment, coordination among organizational entities, and compliance; and is consistent with applicable laws, executive orders, directives, regulations, policies, standards, and guidelines.

The Board management stated it was unaware of the need to review the service provider's SOC reports. It was also stated the Board is currently working to develop and routinely test a disaster contingency plan; however, progress has been slowed due to the COVID-19 pandemic. Lastly, the insufficient confidential information tracking policy appears to be caused by management oversight.

Without the periodic review of user access, the Board could be exposed to the risk of undetected, incompatible, and unauthorized access. Additionally, failure to develop and test a disaster recovery plan leaves the Board exposed to possible disruption of services. Further, without obtaining and reviewing a SOC report or another form of independent internal control review, the Board does not have assurance the service provider's internal controls are adequate. (Finding Code No. 2020-010)

RECOMMENDATION

We recommend the Board:

- Perform a formal review of the SOC Reports and Complementary User Entity Controls,
- Create, approve, and test a disaster contingency plan,
- Perform a review of user access rights and document it,
- Ensure all employees utilize their own accounts, and
- Ensure it tracks all sensitive and confidential information kept within its systems.

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BOARD RESPONSE

The Board accepts this finding. PTAB has worked with the Department of Innovation and Technology (DoIT) to implement the above recommendations, however, the systems are owned by DoIT so ensuring sensitive and confidential information is kept within its systems is outside of the scope of PTAB's control. PTAB has been working on a Disaster Recovery Plan with DoIT which has been slowed down by the ongoing COVID-19 pandemic.

ACCOUNTANT'S COMMENT

We maintain not all of the systems noted in the finding are DoITs. PTAB2000 is a Board-owned system. In addition, we maintain it is the Board's responsibility to know which systems contain the confidential and sensitive information. Furthermore, we maintain even though the information is kept in a DoIT system, it is ultimately the Board's information, and therefore, the Board's responsibility to ensure it is safeguarded from unauthorized use.

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For the Two Years Ended June 30, 2020

2020-011. **FINDING** (Lack of Interagency Agreement with DoIT)

The Property Tax Appeal Board (Board) failed to execute an interagency agreement with the Department of Innovation and Technology (DoIT).

During testing, we noted the Board did not have an executed interagency agreement with the DoIT to ensure the services provided, roles and responsibilities, and the available security mechanisms were in place in order to protect the security, processing integrity, availability, and confidentiality of the Board's systems and data.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Board to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation and to maintain accountability over the State's resources. The Security and Privacy Controls for Information Systems and Organizations (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology (NIST), System and Services Acquisition section, requires entities to document the services, roles, responsibilities, and required security controls when outsourcing services.

The Board management stated it has declined to enter into an interagency agreement, as the Board's IT staff work independently on the Board's system and the Board does not want its IT employees to become DoIT employees.

Failure to have a formal agreement with DoIT reduces assurance of the adequacy of controls to ensure the security, processing integrity, availability, and confidentiality of its systems and data. (Finding Code No. 2020-011)

RECOMMENDATION

We recommend the Board enter into a detailed agreement with DoIT to ensure prescribed requirements and available security mechanisms are in place to protect the security, processing integrity, availability, and confidentiality of its systems and data.

BOARD RESPONSE

The Board accepts this finding. PTAB will work with DoIT staff to develop an appropriate interagency agreement to ensure the services provided, roles and responsibilities, and their available security mechanisms are in place in order to protect the security, processing integrity, availability and confidentiality of the Board's systems and data.

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For the Two Years Ended June 30, 2020

2020-012. **FINDING** (Delayed Audit Request Responses)

The Property Tax Appeal Board (Board) failed to provide all requested documentation to the auditors in a timely manner.

As is necessary in a compliance examination, we made numerous requests of the Board during our fieldwork. Two hundred eleven (211) written requests for information were made to the Board for documentation required to perform our testing. Requests were routed through one employee, as requested by the Board. This employee was designated as the liaison for the compliance examination, ensured all requests were sent to the appropriate personnel, and conducted follow-up on requested information. During the engagement, outstanding request listings, as well as emails regarding the delays encountered and requesting assistance necessary to complete the compliance examination of the Board, were sent at least once a month from December 2020 to October 2021. Further, the Board took an average of 74 days to respond to a request.

As of October 13, 2021, documents related to 107 (51%) requests were provided after the time frame for responses agreed upon with the Board as noted below:

Days received after the due date	Compliance Requests	Exception Listing Requests	Potential Audit Finding Response Requests*	Total Number of Items Past Due
1 to 14	29	13	0	42
15 to 30	15	0	0	15
31 to 60	13	3	0	16
61 to 90	18	0	0	18
90 to 120	11	0	0	11
Over 120	1	0	0	1
Not Received	1	3	17	21
Total	88	19	17	124

*Potential Audit Finding Responses were not provided by the due date of November 12, 2021 and still not received by the time the draft report was sent to the Board on December 10, 2021.

Further, some requests for documentation were never provided to the accountants and therefore were considered exceptions during testing. Those instances have been reported as part of other findings in this report.

The Illinois State Auditing Act (30 ILCS 5/3-12) (Act) requires each State agency and its officers and employees (the Board) to promptly comply with, and aid and assist the Auditor General. In addition, the Act states the Board shall, at the request

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For the Two Years Ended June 30, 2020

of the Auditor General, *without delay*, make available to the Auditor General or his or her designated representative any record of information requested.

Board management indicated they were unable to provide the requested information timely due to the COVID-19 pandemic and work from home orders from the Governor. Additionally, Board management indicated there was staff turnover which caused delays in the audit process. Finally, Board management indicated the number of requests was more than one liaison could handle.

Failure to provide the requested documentation in a timely manner resulted in auditing and reporting delays for the Board's compliance examination. Failure to provide requested documentation for testing prevents the auditors from determining whether the Board performed all required duties and responsibilities. (Finding Code No. 2020-012)

RECOMMENDATION

We recommend the Board allocate the necessary resources in order to provide requested information to the accountants in a timely manner.

BOARD RESPONSE

The Board accepts but is surprised this rose to the level of an audit finding for several reasons including those explained above. Further, the volume of audit requests given to the Board during this engagement far exceeded those of the prior engagements. For example, The FY17 and FY18 examination consisted of 59 separate audit requests. By contrast, the FY19 and FY20 examination consisted of 211 separate audit requests - **an increase in requests of over 257%**. This increase in the volume of requests was difficult for the lone staff person at PTAB handling the requests when simultaneously dealing with a global pandemic affecting daily operations, all the while still handling and managing all of the many and varied aspects of personnel, labor relations, and fiscal operations for a small state agency. Where PTAB had one staff person mainly responsible for answering all 211 audit requests, there was on average five auditors at any given time working on this engagement and sending requests and seeking information. The large increase in requests over prior engagements, which wasn't foreseen by PTAB nor conveyed ahead of time by OAG staff, led to a situation where that increase in volume was impeding the operational needs of the agency. Whereas the FY17/FY18 Engagement lasted approximately 7 months from Entrance to Exit Conference, the current audit has lasted over 1.5 years. The volume of requests and the hundreds of manhours spent responding to those requests greatly exceeded PTAB expectations and hampered operations in some instances, such as slowing down the pace of hiring after being given additional funds and headcount to reduce the

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For the Two Years Ended June 30, 2020

backlog of appeals, and other crucial competing assignments, due dates, priorities, and statutory requirements.

ACCOUNTANT'S COMMENT

We maintain the Board did not comply with the Illinois State Auditing Act, which requires each State agency and its officers and employees (the Board) to promptly comply with, and aid and assist the Auditor General. In addition, the Act states the Board shall, at the request of the Auditor General, *without delay*, make available to the Auditor General or his or her designated representative any record of information requested. Furthermore, the vast majority of the requests sent to the Board were to review existing documentation, which should have been easily located in the Board's files.

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For the Two Years Ended June 30, 2020

2020-013. **FINDING** (Inadequate Control over Report Component)

The Property Tax Appeal Board (Board) did not have adequate internal controls to demonstrate the schedules and components (report components) within the Board's *Compliance Examination Report* were complete and accurate.

Due to changes in independence requirements effective June 30, 2020, the Office of the Auditor General (OAG) now requires auditees, without auditor assistance, to prepare the report components comprising the Supplementary Information for State Compliance Purposes usually found within the OAG's compliance reports. To help facilitate this change, the OAG published guidance on its website for auditees to follow in preparing these report components. While we do not express an opinion, a conclusion, or provide any assurance on these report components, we read them to identify potential errors based on our knowledge of the auditee and, where possible, compare or reconcile the information to the auditee's records examined during the compliance examination. If we identify any potential errors, we bring the matter to the attention of the auditee's management to, ideally, either correct the error or demonstrate why the disclosure is complete and accurate.

During the course of this examination, we noted the Board's internal controls were inadequate to both (1) prepare the report components and (2) demonstrate the report components Board management prepared were complete and accurate. Specifically, we noted the *Analysis of Significant Variations in Receipts*, which comments on the significant changes in receipts within fund line items Fiscal Year to Fiscal Year, was not provided to the auditors as of October 15, 2021. This request was initially sent to the Board on September 10, 2021.

As a result of not receiving the required report component, it was excluded from the Board's *Compliance Examination Report*.

Good internal controls over compliance facilitate the preparation of complete and accurate report components and allow for the resolution, where necessary, of any potential errors presented to management by independent accountants examining the Board. Additionally, the Illinois State Auditing Act (30 ILCS 5/3-12) requires the Board and its officers and employees to promptly comply with, and aid and assist the Auditor General. In addition, the Act requires the Board, at the request of the Auditor General, to make available to the Auditor General without delay, any record of information requested.

Board management indicated the error was due to competing priorities and lack of time to research the variations.

Compliance examinations stress the fundamentals of government accountability, including providing transparency about the Board's fiscal and administrative

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For the Two Years Ended June 30, 2020

controls and whether the Board's resource utilization was effective, efficient and in compliance with applicable law. Failure to prepare accurate and complete report components hinders the ability of users of the Board's *Compliance Examination Report* to obtain an understanding of the variations in the Board's receipts. (Finding Code No. 2020-013)

RECOMMENDATION

We recommend the Board implement the necessary controls to ensure report components are prepared by the Board and are complete and accurate.

BOARD RESPONSE

The Board accepts this finding.

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PROPERTY TAX APPEAL BOARD
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
Appropriations for Fiscal Year 2020

For the Fifteen Months Ended September 30, 2020

Public Act 101-0007 FISCAL YEAR 2020	Expenditure Authority (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures		Total Expenditures 15 Months Ended September 30	Balances Lapsed
			July 1 to September 30	September 30		
	\$ 2,897,800	\$ 2,623,834	\$ 111,612	\$	\$ 2,735,446	\$ 162,354
Personal Property Tax Replacement Fund - 0802						
Personal Services						
State Contributions to State Employee Retirement System	1,573,300	1,427,211	60,724		1,487,935	85,365
State Contributions to Social Security	221,700	189,175	8,181		197,356	24,344
Group Insurance	910,600	659,317	30,380		689,697	220,903
Contractual Services	67,900	47,034	2,980		50,014	17,886
Travel	30,000	13,925	17		13,942	16,058
Commodities	9,600	3,151	-		3,151	6,449
Printing	4,200	2,960	-		2,960	1,240
Equipment	4,400	-	-		-	4,400
Electronic Data Processing	143,200	106,474	15,546		122,020	21,180
Telecommunication Services	30,000	22,359	5,093		27,452	2,548
Operation of Automotive Equipment	6,000	1,265	-		1,265	4,735
Costs Associated with the Appeal Process and the Reestablishment of a Cook County Office	200,000	77,313	31,587		108,900	91,100
Refunds	200	-	-		-	200
Subtotal, Fund 0802	\$ 6,098,900	\$ 5,174,018	\$ 266,120	\$	\$ 5,440,138	\$ 658,762

APPROPRIATED FUNDS

SCHEDULE 1

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SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
Appropriations for Fiscal Year 2020

For the Fifteen Months Ended September 30, 2020

	Expenditure Authority (Net of Transfers)	Lapse Period Expenditures July 1 to September 30	Total Expenditures 15 Months Ended September 30	Balances Lapsed
Public Act 101-0007				
FISCAL YEAR 2020				
GRAND TOTAL - ALL FUNDS	<u>\$ 6,098,900</u>	<u>\$ 5,174,018</u>	<u>\$ 266,120</u>	<u>\$ 5,440,138</u>
				<u>\$ 658,762</u>

Note 1: Expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the Board's records and have been reconciled to the State Comptroller's records as of September 30, 2020.

Note 2: Expenditure amounts are vouchers approved for payment by the Board and submitted to the State Comptroller for payment to the vendor.

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SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES,
Appropriations for Fiscal Year 2019

For the Sixteen Months Ended October 31, 2019

	Expenditure Authority (Net of Transfers)	Lapse Period Expenditures		Total Expenditures 16 Months Ended October 31	Balances Lapsed
		Through June 30	July 1 to October 31		
Public Acts 100-0586 and 101-0007	\$ 124,500	\$ -	\$ 112,524	\$ 112,524	\$ 11,976
FISCAL YEAR 2019	\$ 124,500	\$ -	\$ 112,524	\$ 112,524	\$ 11,976
APPROPRIATED FUNDS					
General Revenue Fund - 0001					
Unpaid Wage Increases	\$ 124,500	\$ -	\$ 112,524	\$ 112,524	\$ 11,976
Subtotal, Fund 0001	\$ 124,500	\$ -	\$ 112,524	\$ 112,524	\$ 11,976
Personal Property Tax Replacement Fund - 0802					
Personal Services	\$ 2,783,900	\$ 2,400,567	\$ 219,147	\$ 2,619,714	\$ 164,186
State Contributions to State Employees' Retirement System	1,436,900	1,241,003	113,215	1,354,218	82,682
State Contributions to Social Security	198,500	176,208	16,429	192,637	5,863
Group Insurance	864,000	653,264	30,266	683,530	180,470
Contractual Services	67,900	32,630	2,549	35,179	32,721
Travel	30,000	23,025	524	23,549	6,451
Commodities	9,600	8,071	1,461	9,532	68
Printing	4,200	-	2,960	2,960	1,240
Equipment	4,400	-	-	-	4,400
Electronic Data Processing	173,000	87,148	59,486	146,634	26,366
Telecommunication Services	30,000	30,000	-	30,000	-
Operation of Automotive Equipment	6,000	2,742	313	3,055	2,945
Costs Associated with the Appeal Process and the Reestablishment of a Cook County Office	200,000	159,863	16,949	176,812	23,188
Refunds	200	-	-	-	200
Subtotal, Fund 0802	\$ 5,808,600	\$ 4,814,521	\$ 463,299	\$ 5,277,820	\$ 530,780

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SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES,
Appropriations for Fiscal Year 2019

For the Sixteen Months Ended October 31, 2019

	Expenditure Authority (Net of Transfers)	Lapse Period Expenditures July 1 to October 31	Total Expenditures 16 Months Ended October 31	Balances Lapsed
Public Acts 100-0586 and 101-0007				
FISCAL YEAR 2019	\$ 5,933,100	\$ 4,814,521	\$ 5,390,344	\$ 542,756
GRAND TOTAL - ALL FUNDS	\$ 5,933,100	\$ 4,814,521	\$ 5,390,344	\$ 542,756

Note 1: Expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the Board's records and have been reconciled to the State Comptroller's records as of October 31, 2019.

Note 2: Expenditure amounts are vouchers approved for payment by the Board and submitted to the State Comptroller for payment to the vendor.

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**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
EXPENDITURES, AND LAPSED BALANCES**
For the Fiscal Year Ended June 30,

<u>APPROPRIATED FUNDS</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
General Revenue Fund - 001			
Expenditure Authority	\$ -	\$ 124,500	\$ -
Expenditures:			
Unpaid Wage Increases	\$ -	\$ 112,524	\$ -
Total Expenditures Fund 001	\$ -	\$ 112,524	\$ -
Balances Lapsed	\$ -	\$ 11,976	\$ -
Personal Property Tax Replacement Fund - 802			
Expenditure Authority	\$ 6,098,900	\$ 5,808,600	\$ 5,587,100
Expenditures:			
Personal Services	\$ 2,735,446	\$ 2,619,714	\$ 2,332,574
State Contributions to State Employees' Retirement System	1,487,935	1,354,218	1,179,786
State Contributions to Social Security	197,356	192,637	171,964
Group Insurance	689,697	683,530	627,647
Contractual Services	50,014	35,179	36,357
Travel	13,942	23,549	13,850
Commodities	3,151	9,532	2,092
Printing	2,960	2,960	2,869
Equipment	-	-	-
Electronic Data Processing	122,020	146,634	40,779
Telecommunication Services	27,452	30,000	25,897
Operation of Automotive Equipment	1,265	3,055	1,603
Costs Associated with the Appeal Process and the Reestablishment of a Cook County Office	108,900	176,812	180,651
Refunds	-	-	-
Total Expenditures Fund 802	5,440,138	5,277,820	4,616,069
Balances Lapsed	\$ 658,762	\$ 530,780	\$ 971,031
TOTAL APPROPRIATED FUNDS			
Expenditure Authority	\$ 6,098,900	\$ 5,933,100	\$ 5,587,100
Expenditures	\$ 5,440,138	\$ 5,390,344	\$ 4,616,069
Balances Lapsed	\$ 658,762	\$ 542,756	\$ 971,031

STATE OF ILLINOIS
PROPERTY TAX APPEAL BOARD
**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
EXPENDITURES, AND LAPSED BALANCES**
For the Fiscal Year Ended June 30,

STATE OFFICERS' SALARIES	2020	2019	2018
Expenditures:			
For the Chairman	\$ 17,232	\$ 47,035	\$ 64,703
For Four Members	\$ 216,509	\$ 206,881	\$ 208,716
Total Expenditures	\$ 233,741	\$ 253,916	\$ 273,419

Note 1: Expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the Board's records and have been reconciled to the State Comptroller's records as of September 30, 2020, and October 31, 2019.

Note 2: Expenditure amounts are vouchers approved for payment by the Board and submitted to the State Comptroller for payment to the vendor.

Note 3: The Property Tax Appeal Board received appropriations during Fiscal Year 2020 from Public Act 101-0007. In addition, the Property Tax Appeal Board received appropriations during Fiscal Year 2019 from Public Act 100-0586.

STATE OF ILLINOIS
PROPERTY TAX APPEAL BOARD
**COMPARATIVE SCHEDULE OF NET EXPENDITURES
BY MAJOR ACTIVITY**

For the Fiscal Year Ended June 30,

<u>EXPENDITURE STATISTICS</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
All State Treasury Funds			
Total Operations Expenditures:	\$ 5,440,138	\$ 5,390,344	\$ 4,616,069
Percentage of Total Expenditures:	100.0%	100.0%	100.0%
Personal Services	2,735,446	2,619,714	2,332,574
Other Payroll Costs	2,374,987	2,230,385	1,979,397
Unpaid Wage Increases	-	112,524	-
All Other Operating Expenditures	329,705	427,721	304,098
GRAND TOTAL - ALL EXPENDITURES:	<u><u>\$ 5,440,138</u></u>	<u><u>\$ 5,390,344</u></u>	<u><u>\$ 4,616,069</u></u>

Note 1: Expenditures were obtained from the Board's records and have been reconciled to the Office of Comptroller's records as of September 30, 2020, and October 31, 2019.

Note 2: Expenditure amounts are vouchers approved for payment by the Board and submitted to the Office of Comptroller for payment to the vendor.

STATE OF ILLINOIS
PROPERTY TAX APPEAL BOARD
COMPARATIVE SCHEDULE OF CASH RECEIPTS
AND DEPOSITS INTO THE STATE TREASURY

For the Fiscal Year Ended June 30,

	2020	2019	2018
STATE TREASURY FUNDS			
General Revenue Fund - 0001			
Receipt Sources:			
Reimbursements, Jury Duty, and Recoveries	\$ 52	\$ 37	\$ 39
Books, Magazines, and Periodicals	1,618	778	222
Total 0001 Fund:	\$ 1,670	\$ 815	\$ 261
Receipts, per the State Comptroller	\$ 1,670	\$ 815	\$ 261
Deposits in Transit, Beginning of the Fiscal Year, per the Board's Records	-	-	23
Deposits in Transit, End of the Fiscal Year, per the Board's Records	-	-	-
Deposits, Recorded by the State Comptroller	\$ 1,670	\$ 815	\$ 284
Personal Property Replacement Fund - 0802			
Prior Year Refunds	\$ 970	\$ 1,529	\$ -
Total 0802 Fund:	\$ 970	\$ 1,529	\$ -
Receipts, per the State Comptroller	\$ 970	\$ 1,529	\$ -
Deposits in Transit, Beginning of the Fiscal Year, per the Board's Records	-	-	-
Deposits in Transit, End of the Fiscal Year, per the Board's Records	-	-	-
Deposits, Recorded by the State Comptroller	\$ 970	\$ 1,529	\$ -
GRAND TOTAL - ALL FUNDS			
Receipts, per the State Comptroller	\$ 2,640	\$ 2,344	\$ 261
Deposits in Transit, Beginning of the Fiscal Year, per the Board's Records	-	-	23
Deposits in Transit, End of the Fiscal Year, per the Board's Records	-	-	-
Deposits, Recorded by the State Comptroller	\$ 2,640	\$ 2,344	\$ 284

Note 1: The Fiscal Year 2019 and Fiscal Year 2020 amounts used in the schedule above could not be reconciled to the Board's receipt logs. See Finding 2020-003, page 16. In addition, the Board was unable to provide the required report component, Analysis of Significant Variations in Receipts. See Finding 2020-013, page 35.

STATE OF ILLINOIS
PROPERTY TAX APPEAL BOARD
SCHEDULE OF CHANGES IN PROPERTY
For the Two Years Ended June 30, 2020

<u>FISCAL YEAR 2020</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Net Transfers</u>	<u>Ending Balance</u>
Property					
Equipment	\$ 122,081	\$ 2,734	\$ -	\$ -	\$ -
Total	<u>\$ 122,081</u>	<u>\$ 2,734</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 124,815</u>

FISCAL YEAR 2019

Property					
Equipment	\$ 194,833	\$ -	\$ 72,752	\$ -	\$ -
Total	<u>\$ 194,833</u>	<u>\$ -</u>	<u>\$ 72,752</u>	<u>\$ -</u>	<u>\$ 122,081</u>

Note 1: These balances were obtained from the Board’s records and have been reconciled to the Board’s quarterly Agency Report of State Property reports submitted to the Office of State Comptroller for the year ended June 30, 2020, and June 30, 2019, respectively.

Note 2: The Board prepared this report based on its property records. However, there is an omission on the Board’s property records and the Prior Period Report was adjusted to reflect the correct balance. See Finding 2020-002, page 13.

STATE OF ILLINOIS
PROPERTY TAX APPEAL BOARD
ANALYSIS OF OPERATIONS
For the Two Years Ended June 30, 2020

(NOT EXAMINED)

Functions

The Property Tax Appeal Board (Board) was created by statute to adjudicate real property tax assessment appeals Statewide. Appeals are filed by any taxpayer dissatisfied with the decision of a county board of review as such decision pertains to the assessment of property for taxation purposes, or by any taxing body that has an interest in the decision of the board of review pertaining to a property assessment. The Board determines the correct assessment of a parcel of land which is subject to appeal based upon facts, evidence, exhibits, and briefs submitted to or elicited by the Board. Appeals must be filed with the Board within 30 days after the date of written notice of the decision of the board of review.

The bipartisan Board is comprised of five members, appointed by the Governor, with the advice and consent of the Senate, with one Board member serving as Chair.

The daily operations are managed by the Executive Director, who is appointed by the Board. The Executive Director is responsible for planning, formulating, directing, monitoring, and controlling the overall policies, objectives, and programs of the Board and supervises the management of the Board's fiscal, personnel, budget, legislative, and program operations. He confers with the Chair and the members of the Board with respect to the overall Board operations, attends all board meetings, and serves as the Board's clerk. He also acts as the Board's General Counsel and as liaison to the Executive, Legislative, and Judicial branches of government.

Planning

The Board's goals and objectives are guided by statute and revised based on monitoring the Board's performance. Board members and the Executive Director meet monthly or as needed to monitor Board operations. Staff prepare reports and case statistics, which are used to monitor the status of property tax appeal cases and assess progress towards goals and objectives.

It is the Board's mission to hear and adjudicate real property assessment disputes filed before it as authorized by law. To achieve this goal and instill public confidence in the State's property tax appeal process, the Board will provide an informal forum, open to the public, for speedy hearings of contested appeals, resolve appeals in a timely fashion by issuing impartial decisions based upon equity and the weight of the evidence which set forth the Board's findings; establish clear, concise, accurate, and timely communications with the public; and, maintain a work force that demonstrates the highest standards of integrity, efficiency, and performance.

Significant Challenges

Due to the increasing volume of appeals and the lack of enough staff and resources to meet the current workload demand, the backlog of appeals has increased to almost 100,000, a record amount. See Finding 2020-001 on page 11.

STATE OF ILLINOIS
PROPERTY TAX APPEAL BOARD
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2020

(NOT EXAMINED)

Fiscal Year 2020 Compared to Fiscal Year 2019

General Revenue Fund – 0001

Unpaid Wage Increases

Unpaid wage increases were only paid in FY19. No Board expenditures were paid out of the General Revenue Fund in FY20 for any reason.

Personal Property Tax Replacement Fund – 0802

Costs Associated with the Appeal Process and the Reestablishment of a Cook County Office
Costs variations associated with the appeal process and the reestablishment of a Cook County Office are attributed to reductions in temporary staff due to the Covid-19 office closure beginning March 2020. Other factors included less expenditures on office supplies and furniture in FY20 versus FY19.

Fiscal Year 2019 Compared to Fiscal Year 2018

General Revenue Fund – 0001

Unpaid Wage Increases

Unpaid wages increases were from the General Revenue Fund (0001) and were only paid in FY19. There was no Board supplemental appropriation from Fund 0001 in FY18 or FY20.

Personal Property Tax Replacement Fund – 0802

Electronic Data Processing

Increased electronic data processing costs in FY19 were associated with Technology Management Revolving Fund charges of \$13,475 for software for Board employees and equipment purchases including \$13,142 for 3 personal computers and 7 tablets and accessories purchased through the Department of Innovation and Technology.

STATE OF ILLINOIS
PROPERTY TAX APPEAL BOARD
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Two Years Ended June 30, 2020

(NOT EXAMINED)

Fiscal Year 2020

Personal Property Tax Replacement Fund – 0802

Costs Associated with the Appeal Process and the Reestablishment of a Cook County Office
Due to the timing of receipt of the Technology Management Revolving Fund charges for payroll processing, these were paid during the lapse period. Additional expenses for temporary staffing services, office supplies, and an external hard drive were also paid from this lump sum line during lapse.

Fiscal Year 2019

General Revenue Fund – 0001

Unpaid Wage Increases

All unpaid wage increases were paid during lapse due to the timing of when the Board received the supplemental funds to pay the back pay which the Board began calculating and processing in July 2019, after the close of the 2019 fiscal year.

Personal Property Tax Replacement Fund – 0802

Electronic Data Processing

The lapse period electronic data processing spending was due to the timing of bills from the Technology Management Revolving Fund.

STATE OF ILLINOIS
PROPERTY TAX APPEAL BOARD
NUMBER OF EMPLOYEES

(NOT EXAMINED)

For the Fiscal Year Ended June 30,

<u>AVERAGE FULL-TIME EMPLOYEES</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Administration	19	19	18
Hearing Officers	<u>16</u>	<u>14</u>	<u>11</u>
Total Full-time Equivalent Employees	<u><u>35</u></u>	<u><u>33</u></u>	<u><u>29</u></u>

Note 1: This schedule presents the average number of employees, by function, at the Board.