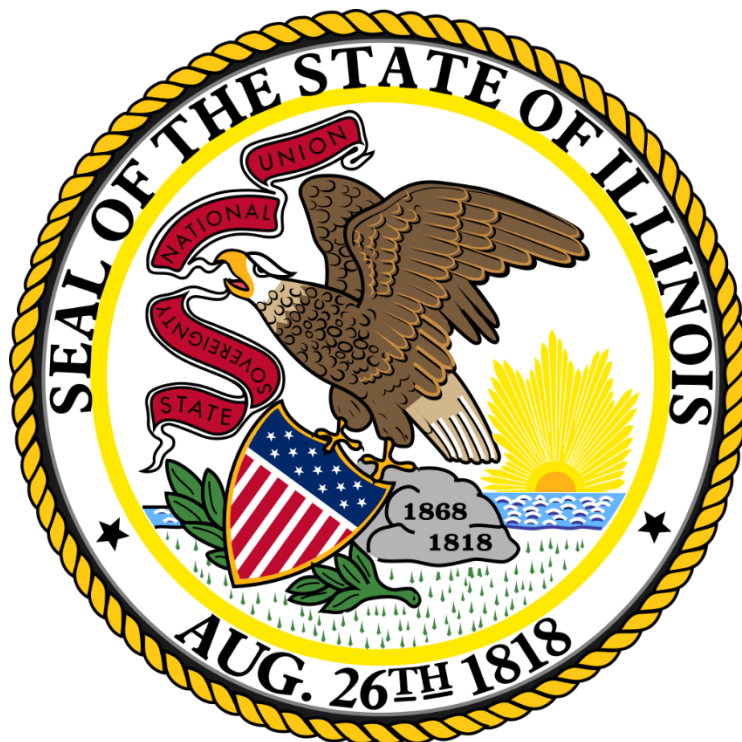


LEGISLATIVE AUDIT COMMISSION



Review of
Property Tax Appeal Board
Two Years Ended June 30, 2020

622 Stratton Office Building
Springfield, Illinois 62706
217/782-7097

**PROPERTY TAX APPEAL BOARD
TWO YEARS ENDED JUNE 30, 2020**

FINDINGS/RECOMMENDATIONS – 13

**IMPLEMENTED – 4
PARTIALLY IMPLEMENTED – 3
UNDER STUDY – 6
ACCEPTED – All**

**REPEATED RECOMMENDATIONS – 3
PRIOR AUDIT FINDINGS/RECOMMENDATIONS – 3**

This review summarizes the auditors' report on the Property Tax Appeal Board (Board or PTAB) Compliance Examination for the two years ended June 30, 2020, filed with the Legislative Audit Commission on February 2, 2022.

Mission Statement: It is the mission of the Property Tax Appeal Board to adjudicate real property assessment disputes between real property taxpayers, county boards of review, and local taxing districts in a timely, professional, and impartial manner.

Program Goals and Objectives:

- Provide an informal forum, open to the public, for the speedy hearing of appeals.
- Resolve appeals in a timely fashion by issuing impartial decisions based on equity and the weight of the evidence.
- Establish clear, concise, accurate, and timely communications with the public.
- Maintain a workforce that demonstrates the highest standards of integrity, efficiency, and performance.

Functions

PTAB 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

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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 OF THE AUDIT.

Current PTAB Board: (Chair salary - \$64,800 members - \$54,100 as of FY20)

- Kevin L. Freeman, Chair, Chicago;
- Jim Bilotta, Frankfort;
- Robert J. Steffen, South Barrington;
- Dana D. Kinion, Springfield; and
- Sarah Buckley, Chicago.

During the examination period, Mauro Glorioso, was the director until he was fired by Gov. Pritzker on October 14, 2020. Michael O'Malley became Executive Director on October 15, 2020. He also serves as General Counsel.

PTAB's primary administrative offices are located at:

- 402 Stratton Office Building, Springfield; and
- Suburban North Office Facility, 9511 W. Harrison St, Suite LL-54, Des Plaines.

Appropriations and Expenditures

	FY18 Actual	FY19 Actual	FY20 Actual
Approp. Authority	\$5,587,100	\$5,933,100	\$6,098,900
Expenditure	\$4,616,700	\$5,390,300	\$5,440,100
Personal Services expense	\$2,332,600	\$2,619,700	\$2,735,500
Other Payroll Costs (FICA, retirement)	\$1,979,400	\$2,230,400	\$2,375,000
Avg monthly full-time	30	35	39
Hearing officers	11	14	16
Cash Receipts (Finding #3)	\$284	\$2,344	\$2,640

Note: all expenses are thru Fund 802, the Personal Property Replacement Fund. PTAB was appropriated GRF in FY19 for unpaid wages only. (p 41 compliance)

Changes in Property

The ending balance of property in FY19 was \$122,100 compared to \$124,800 in FY20. (p 45 compliance)

Key Performance Metrics

Indicator	FY18	FY19	FY20 Actual	FY21 Target
Open appeals at yearly begin	57,178	62,073	63,053	76,534
New appeals added	33,194	30,488	42,044	40,000
Appeals closed	28,299	29,509	28,569	29,000
Closed appeals vs new appeals	105%	110%	68%	71%
Closed appeals vs all appeals	36%	33%	27%	24%

(Source: Comptroller's Public Accountability Report)

Emergency Purchases

The Illinois Procurement Code (30 ILCS 500/) states, "It is declared to be the policy of the state that the principles of competitive bidding and economical procurement practices shall be applicable to all purchases and contracts...." The law also recognizes that there will be emergency situations when it will be impossible to conduct bidding. It provides a general exemption when there exists a threat to public health or public safety, or when immediate expenditure is necessary for repairs to state property in order to protect against further loss of or damage to state property, to prevent or minimize serious disruption in critical state services that affect health, safety, or collection of substantial state revenues, or to ensure the integrity of state records; provided, however that the term of the emergency purchase shall not exceed 90 days. A contract may be extended beyond 90 days if the chief procurement officer determines additional time is necessary and that the contract scope and duration are limited to the emergency. Prior to the execution of the extension, the chief procurement officer must hold a public hearing and provide written justification for all emergency contracts. Members of the public may present testimony.

Notice of all emergency procurement shall be provided to the Procurement Policy Board and published in the online electronic Bulletin no later than five business days after the contract is awarded. Notice of intent to extend an emergency contract shall be provided to the Procurement Policy Board and published in the online electronic Bulletin at least 14 days before the public hearing.

A chief procurement officer making such emergency purchases is required to file a statement with the Procurement Policy Board and the Auditor General to set forth the circumstance requiring the emergency purchase. The Legislative Audit Commission receives quarterly reports of all emergency purchases from the Office of the Auditor General. The Legislative Audit Commission is directed to review the purchases and to comment on abuses of the exemption.

PTAB did not have any emergency purchases in 2019 nor 2020.

Accountants' Findings and Recommendations

Condensed below are the 13 findings and recommendations included in the audit report. Of these, 3 are repeated from the previous audit. The following recommendations are classified on the basis of information provided by PTAB, via electronic mail received February 2, 2022.

- 1. The auditors 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.**

FINDING: *(Timeliness of Hearings) – First reported in 2004, last reported in 2018*

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.

PTAB did not allow for the speedy hearing of all appeals.

During testing, auditors 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. Auditors analyzed 100% of the cases closed during the examination period and pending as of June 30, 2020, and noted the following:

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- 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%)

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.

RESPONSE:

The Board accepts this finding. PTAB 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.

UPDATED RESPONSE:

Partially Implemented.

- 2. The auditors 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.**

FINDING: *(Inadequate Controls over Equipment) – Last reported 2018*

PTAB failed to establish adequate controls over its state property records and related reporting.

During testing, auditors noted the following:

- The auditors 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 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 FY19, 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, auditors 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).

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, auditors performed testing and noted the following:

- Board management stated one item, valued at \$3,495, was sent to CMS 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.
- One of 1 (100%) equipment items removed from the Board during the examination period, totaling \$6,995, was not included on the Board's FY19 Form C-15 for Quarter 3.

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- 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 Board was unable to provide the auditors with the FY18 and FY19 property listings submitted to the CMS alongside its annual certifications of inventory.

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.

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.

UPDATED RESPONSE:

Under Study.

- 3. The auditors 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.**

FINDING: *(Inadequate Control over Receipts) - New*

PTAB did not maintain adequate controls over its receipts process and receipt recordkeeping.

During testing, auditors noted the following:

- The Board's receipts logs for FY19 did not reconcile with the Comptroller's *Monthly Revenue Status Report* (SB04). The auditor noted a difference of \$179 for FY19.

Due to these conditions, auditors 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, auditors 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.

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.

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.

UPDATED RESPONSE:

Partially Implemented.

4. The auditors recommend the Board timely prepare reconciliations as required by the SAMS Manual.

FINDING: *(Inadequate Control over Reconciliations) - New*

PTAB did not maintain adequate controls over its monthly reconciliations.

During testing, auditors noted the following:

- For 4 of 4 (100%) months tested, auditors 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.
- For 19 of 19 (100%) months tested, auditors 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.

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.

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.

UPDATED RESPONSE:

Implemented.

- 5. The auditors recommend the Board establish controls over reconciliations and conversion of data during system development projects, such as the ERP program.**

FINDING: *(Lack of Due Diligence over ERP Transition) - New*

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, auditors 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 auditors noted material exceptions. See Findings 2020-002 and 2020-003, respectively.

Board management stated it completed all activities required by DoIT.

The Board's lack of due diligence resulted in a lack of assurance over the accuracy of the data and possible data errors.

RESPONSE:

The Board accepts.

UPDATED RESPONSE:

Implemented.

- 6. The auditors recommend the Board take appropriate measures to ensure performance evaluations are conducted timely and are maintained in each employee's file.**

FINDING: *(Inadequate Control over Performance Evaluations) – last reported 2018*

PTAB did not exercise adequate controls over evaluating its employees' performance during the period.

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The auditors testing involved 17 evaluations to be performed for 10 employees. Auditors 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.

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.

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.

UPDATED RESPONSE:

Partially Implemented.

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

FINDING: *(Inadequate Control over Timekeeping Files) - New*

PTAB did not maintain adequate controls over its timekeeping files.

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

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.

RESPONSE:

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

UPDATED RESPONSE:

Under Study.

- 8. The auditors 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.**

FINDING: *(Inadequate Control over Agency Fee Imposition Reports) - New*

PTAB did not maintain adequate controls over its Agency Fee Imposition Reports.

During testing, auditors noted the following:

- The total receipts reported on the Board's FY19 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 FY19 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.

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.

RESPONSE:

The Board accepts this finding.

UPDATED RESPONSE:

Implemented.

- 9. The auditors recommend the Board ensure its reports and required notifications are submitted timely in accordance with state statute and administrative rules.**

FINDING: *(Failure to Prepare and Submit Required Reports) - New*

PTAB 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.

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.

Board management indicated it believed it had completed the required items in accordance with statute. However, auditors 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.

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:

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.

UPDATED RESPONSE:

Implemented.

10. The auditors 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.**

FINDING: *(Information Security Weaknesses) - New*

PTAB has computer security weaknesses. During testing, auditors 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 Board did not have an approved and tested disaster contingency plan to ensure timely recovery of critical computer systems during the examination period.

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- 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 the 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.
- 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 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.

RESPONSE:

The Board accepts this finding. PTAB has worked with 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, auditors 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.

UPDATED RESPONSE:

Under Study.

- 11. The auditors 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.**

FINDING: *(Lack of Interagency Agreement with DoIT) - New*

PTAB failed to execute an interagency agreement with the DoIT.

During testing, auditors 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 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.

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

UPDATED RESPONSE:

Under Study.

- 12. The auditors recommend the Board allocate the necessary resources in order to provide requested information to the accountants in a timely manner.**

FINDING: *(Delayed Audit Request Responses) - New*

PTAB failed to provide all requested documentation to the auditors in a timely manner.

As is necessary in a compliance examination, auditors made numerous requests of the Board during the fieldwork. Two hundred eleven (211) written requests for information were made to the Board for documentation required to perform the 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

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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.

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.

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

ACCOUNTANT'S COMMENT:

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.

UPDATED RESPONSE:

Under Study.

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

FINDING: *(Inadequate Control over Report Component) - New*

PTAB 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 auditors do not express an opinion, a conclusion, or provide any assurance on these report components, auditors read them to identify potential errors based on the knowledge of the auditee and, where possible, compare or

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reconcile the information to the auditee's records examined during the compliance examination. If auditors identify any potential errors, auditors 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, auditors 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, auditors 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*.

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

RESPONSE:

The Board accepts this finding.

UPDATED RESPONSE:

Under Study.

Headquarters Designations

The State Finance Act requires all state agencies to make semiannual headquarters reports to the Legislative Audit Commission. Each state agency is required to file reports of all its officers and employees for whom official headquarters have been designated at any location other than that at which official duties require them to spend the largest part of their working time.

As of July 2021, PTAB had 0 employees assigned to locations other than official headquarters.