



STATE OF ILLINOIS
**OFFICE OF THE
 AUDITOR GENERAL**

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

PROPERTY TAX APPEAL BOARD

State Compliance Examination
 For the Two Years Ended June 30, 2020

Release Date: February 2, 2022

FINDINGS THIS AUDIT: 13				AGING SCHEDULE OF REPEATED FINDINGS			
	<u>New</u>	<u>Repeat</u>	<u>Total</u>	<u>Repeated Since</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>
Category 1:	3	2	5	2018	2	6	
Category 2:	7	1	8	2004	1		
Category 3:	<u>0</u>	<u>0</u>	<u>0</u>				
TOTAL	10	3	13				
FINDINGS LAST AUDIT: 3							

SYNOPSIS

- **(20-01)** The Board did not allow for the speedy hearing of all appeals.
- **(20-02)** The Board failed to establish adequate controls over its State property records and related reporting.
- **(20-10)** The Board has computer security weaknesses.

Category 1: Findings that are **material weaknesses** in internal control and/or a **qualification** on compliance with State laws and regulations (material noncompliance).

Category 2: Findings that are **significant deficiencies** in internal control and **noncompliance** with State laws and regulations.

Category 3: Findings that have **no internal control issues but are in noncompliance** with State laws and regulations.

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

EXPENDITURE STATISTICS	2020	2019	2018
Total Expenditures.....	\$ 5,440,138	\$ 5,390,344	\$ 4,616,069
OPERATIONS TOTAL.....	\$ 5,440,138	\$ 5,390,344	\$ 4,616,069
% of Total Expenditures.....	100.0%	100.0%	100.0%
Personal Services.....	2,735,466	2,619,714	2,332,574
Other Payroll Costs (FICA, Retirement).....	2,374,987	2,230,385	1,979,397
Unpaid Wage Increases.....	-	112,524	-
All Other Operating Expenditures.....	329,705	427,721	304,098
Total Receipts.....	\$ 2,640	\$ 2,344	\$ 261
Average Number of Employees.....	35	33	29

AGENCY DIRECTOR
During Examination Period: Mauro Glorioso
Currently: Michael O'Malley

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

TIMELINESS OF HEARINGS

The 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.
 - 26,367 of 100,522 (26%) cases were pending over two years from the receipt date. (Finding 1, pages 11-12). **This finding has been repeated since 2004.**

Property Tax Appeal Case Backlog

Instances of the Board not allowing for a speedy hearing

We recommended 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 agrees

The Board accepted this finding.

INADEQUATE CONTROLS OVER EQUIPMENT

The 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 totaled \$99,991 in Fiscal Year 2019 and \$19,434 in Fiscal Year 2020.
- 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

Unexplained differences between SA02 and Form C-15

Could not provide support for deletions population

listing of the Board's deletions, these items were not listed.

Item sent to DCMS was not removed from the Board's property records

- 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.

Item removed from property listing not included on a Form C-15

- 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.

Failure to remove surplus property from Form C-15

- 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.

Property listing not included with annual certification of inventory

- 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. (Finding 2, pages 13-15).

We recommended 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 agrees

The Board accepted this finding.

INFORMATION SECURITY WEAKNESSES

The Board has computer security weaknesses.

During testing, we noted the following:

Did not conduct a formal review of SOC Report or CUECs

- 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 (CUEC).

No approved and tested disaster contingency plan

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

Did not perform and document a review of access rights

- 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 Time and Attendance System, eTime,

Central Payroll System, and PTAB2000 applications utilized by the Board did not have access rights periodically reviewed.

Current employee was using access rights of former employee

- 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.
- 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. (Finding 10, pages 28-30).

Board policies and procedures not sufficient regarding confidential and sensitive information

We recommended 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.

Board agrees

The Board accepted this finding.

OTHER FINDINGS

The remaining findings pertain to inadequate control over receipts, inadequate control over reconciliations, ERP transition, performance evaluations, inadequate control over timekeeping files, agency fee imposition reports, failure to prepare and submit required reports, lack of interagency agreement with DoIT, delayed audit responses, and inadequate control over report components. We will review the Board's progress towards the implementation of our recommendations in our next State compliance examination.

ACCOUNTANT'S OPINION

The accountants conducted a State compliance examination of the Board for the two years ended June 30, 2020, as required by the Illinois State Auditing Act. The accountants qualified their report on State compliance for Findings 2020-001 through 2020-005. Except for the noncompliance described in these findings, the accountants stated the Board complied, in all material respects, with the requirements described in the report.

This State compliance examination was conducted by the Office of the Auditor General's staff.

SIGNED ORIGINAL ON FILE

JANE CLARK
Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.

SIGNED ORIGINAL ON FILE

FRANK J. MAUTINO
Auditor General

FJM:JMR