



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

PROPERTY TAX APPEAL BOARD

Compliance Examination
 For the Two Years Ended June 30, 2018

Release Date: October 9, 2019

FINDINGS THIS AUDIT: 3				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:	0	1	1	2004	18-01		
Category 2:	2	0	2				
Category 3:	<u>0</u>	<u>0</u>	<u>0</u>				
TOTAL	2	1	3				
FINDINGS LAST AUDIT: 1							

SYNOPSIS

- **(18-01)** The Board did not allow for the speedy hearing of all appeals.
- **(18-02)** The Board did not have adequate controls over its State property records and related reporting.

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.

{Expenditures and Activity Measures are summarized on next page.}

**PROPERTY TAX APPEAL BOARD
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

EXPENDITURE STATISTICS	2018	2017	2016
Total Expenditures	\$ 4,616,069	\$ 4,786,469	\$ 4,649,638
OPERATIONS TOTAL.....	\$ 4,616,069	\$ 4,786,143	\$ 4,649,638
% of Total Expenditures.....	100.0%	100.0%	100.0%
Personal Services.....	2,332,574	2,493,837	2,431,508
Other Payroll Costs (FICA, Retirement).....	1,979,397	1,965,446	2,022,034
All Other Operations Items.....	304,098	326,860	196,096
REFUNDS.....	\$ -	\$ 326	\$ -
% of Total Expenditures.....	0.0%	0.0%	0.0%
Total Receipts.....	\$ 261	\$ 787	\$ 3,864
Average No. of Employees.....	29	32	34

SELECTED ACTIVITY MEASURES (Not Examined)	2018	2017	2016
New Property Appeals Filed			
Downstate.....	7,373	6,767	See Note
Cook County.....	25,821	23,880	See Note
Total.....	33,194	30,647	See Note
Property Appeals Closed			
Downstate.....	5,618	6,237	See Note
Cook County.....	22,679	25,270	See Note
Total.....	28,297	31,507	See Note
Property Appeals Pending at June 30,			
Downstate.....	10,017	8,262	See Note
Cook County.....	52,060	48,918	See Note
Total.....	62,077	57,180	See Note

Note: The Board restated its beginning number of pending appeals outstanding as of July 1, 2016. As such, comparative data for periods prior to July 1, 2016, does not exist.

EXECUTIVE DIRECTOR

During Examination Period: Mr. Louis Apostol (7/1/16 - 12/31/17), Mr. Steven Waggoner (Acting) (1/1/18 - 3/26/19),
Mr. Mauro Glorioso (3/27/19 - current)

Currently: Mr. Mauro Glorioso

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

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:

Appeals were processed and pending for periods greater than a year

- We tested 44 cases that were closed during the audit period. Thirty-four of the 44 (77%) cases tested took longer than one year to be closed. The Board took between 414 and 2,102 days to process and close the appeals. The chart below has a breakdown of the time taken to process the tested cases.

Time Taken to Process Cases Tested			
< 1 Year	1 - 2 Years	2 - 3 Years	> 3 Years
10 (23%)	8 (18%)	16 (36%)	10 (23%)

Note: Six of the 44 (14%) cases tested went to a hearing. All six cases took more than one year to process. One of these cases took more than two years to process; the remaining five cases took more than three years to process.

- We tested 40 cases that were pending at the end of the audit period. Twenty-one of 40 (53%) cases tested had been pending for a period greater than one year. As of June 30, 2018, the cases had been open between 376 and 2,283 days. The chart below has a breakdown of the length of time the tested cases had been pending at the end of the audit period. (Finding 1, pages 10-11)
This finding has been repeated since 2004

Length of Time Tested Cases Were Pending as of June 30, 2018			
< 1 Year	1 - 2 Years	2 - 3 Years	> 3 Years
19 (47%)	16 (40%)	4 (10%)	1 (3%)

We recommended the Board provide for the speedy hearing of all appeals.

Board agrees with recommendation

Board officials accepted the recommendation and stated they continue to make enhancements to the Board’s Information Technology processing systems to provide for the electronic retrieval of decisions and other appeal information. *(For the previous Board response, see Digest Footnote #1.)*

INADEQUATE CONTROLS OVER EQUIPMENT

The Board did not have adequate controls over its State property records and related reporting.

Property Reporting

Failure to report transfers

The Board failed to report transfers of surplus property to the Department of Central Management Services, totaling \$15,471, on the Board's quarterly *Agency Report of State Property* (Form C-15) for the second quarter of Fiscal Year 2017 and the second quarter of Fiscal Year 2018.

Property Testing

Lacked support to show deleted items were timely removed from the Board's property records

- During deletions testing, we noted the Board was unable to provide documentation supporting the date items had been removed from the Board's property records for seven of seven (100%) items tested. Therefore, we were unable to determine whether the items were timely removed from the Board's property records.

Equipment items located in areas different from the property listing

- During property testing, we noted 5 of 40 (13%) list to floor items tested, totaling \$8,329, and one of 40 (3%) floor to list items tested, totaling \$268, were located in a different location than reported on the Board's property listing. (Finding 2, pages 12-13)

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 with recommendation

Board officials accepted the recommendation and stated they will work to strengthen the Board's internal controls for the recording and reporting of State property.

OTHER FINDING

The remaining finding pertains to inadequate controls over employee performance evaluations. We will review the Board's progress towards the implementation of our recommendation in our next compliance examination.

ACCOUNTANT'S OPINION

The accountants conducted a compliance examination of the Board for the two years ended June 30, 2018, as required by the Illinois State Auditing Act. The accountants qualified their report on State compliance for Finding 2018-001. Except for the noncompliance described in this finding, the accountants stated the Board complied, in all material respects, with the requirements described in the report.

This 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:APA

DIGEST FOOTNOTE

#1 – Timeliness of Hearings – Previous Board Response

2016 – The Board accepts this finding. The Board made further enhancements to its Information Technology processing systems by providing the Advanced Status Inquiry (ASI) search program that provides for the electronic retrieval of decisions and other appeal information. In addition, the Board implemented an electronic storage scanning process for all appeals beginning with assessment year 2016. In the future, this will allow for faster notifications, through electronic dissemination of correspondence, and provide a storage platform for on-line filing.