

**STATE OF ILLINOIS  
ILLINOIS INDEPENDENT TAX TRIBUNAL  
STATE COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2021**

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STATE COMPLIANCE EXAMINATION  
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STATE OF ILLINOIS  
ILLINOIS INDEPENDENT TAX TRIBUNAL  
COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2021

**TRIBUNAL OFFICIALS**

***Judges***

Chief Administrative Law Judge	Mr. James Conway
Administrative Law Judge (1)	Mr. Brian Barov
Administrative Law Judge (2) (11/07/18 - 05/20/19)	Mr. Michael Pieczonka
Administrative Law Judge (2) (05/20/19 - 06/30/19)	Vacant
Administrative Law Judge (3)	Vacant

***Administrative Services***

Chief Administrative Officer	Ms. Kristene Callanta
Clerk	Vacant*
Reporter	Vacant*

\*The Tribunal is statutorily required to appoint a clerk and reporter pursuant to the Illinois Independent Tax Tribunal Act (35 ILCS 1010/1-40). The vacancies above are considered noncompliance and are reported as part of Finding 2021-004 on pages 18-19 of this report.

**TRIBUNAL OFFICE**

The Tribunal's office is located at:

Michael A. Bilandic Building  
160 North LaSalle Street, Room N-506  
Chicago, Illinois 60601



**Illinois Independent  
Tax Tribunal**

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160 N. La Salle Street Room N506  
Chicago, Illinois 60601

Phone: (312) 814-4285  
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Email: ITT.TaxTribunal@  
illinois.gov

**MANAGEMENT ASSERTION LETTER**

April 21, 2023

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

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 State of Illinois, Independent Tax Tribunal (Tribunal). 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 Tribunal's compliance with the following specified requirements during the two-year period ended June 30, 2021. Based on this evaluation, we assert that during the years ended June 30, 2020, and June 30, 2021, the Tribunal has materially complied with the specified requirements listed below.

- A. The Tribunal 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 Tribunal 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 Tribunal 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 Tribunal 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, Independent Tax Tribunal

**SIGNED ORIGINAL ON FILE**

\_\_\_\_\_  
James Conway, Director/ Chief Administrative Law Judge

**SIGNED ORIGINAL ON FILE**

\_\_\_\_\_  
Kristene Callanta, Chief Administrative Officer

**STATE OF ILLINOIS  
ILLINOIS INDEPENDENT TAX TRIBUNAL  
STATE COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2021**

**STATE COMPLIANCE REPORT**

**SUMMARY**

The State compliance testing performed during this 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*.

**ACCOUNTANT’S REPORT**

The Independent Accountant’s Report on State Compliance and on Internal Control Over Compliance does not contain scope limitations or disclaimers, but does contain a modified opinion on compliance and identifies material weaknesses over internal control over compliance.

**SUMMARY OF FINDINGS**

<b>Number of</b>	<b><u>Current Report</u></b>	<b><u>Prior Report</u></b>
Findings	6	4
Repeated Findings	3	2
Prior Recommendations Implemented or Not Repeated	1	4

**SCHEDULE OF FINDINGS**

<b><u>Item No.</u></b>	<b><u>Page</u></b>	<b><u>Last/First Reported</u></b>	<b><u>Description</u></b>	<b><u>Finding Type</u></b>
<b>Current Findings</b>				
2021-001	10	2019/2015	Inadequate Control over Filing Fees	Material Weakness and Material Noncompliance
2021-002	14	New	Information Technology Access Weaknesses	Material Weakness and Material Noncompliance
2021-003	16	New	Lack of Adequate Controls over the Review of Internal Controls for Service Providers	Material Weakness and Material Noncompliance

2021-004	18	2019/2015	Failure to Fully Implement the Illinois Independent Tax Tribunal Act of 2012	Significant Deficiency and Noncompliance
2021-005	20	2019/2019	Weaknesses in Cybersecurity Programs and Practices	Significant Deficiency and Noncompliance
2021-006	23	New	Disaster Recovery Planning Weaknesses	Significant Deficiency and Noncompliance

**Prior Findings Not Repeated**

A	25	2019/2019	Lack of Due Diligence over ERP Transition
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**EXIT CONFERENCE**

The Illinois Independent Tax Tribunal waived an exit conference in a correspondence from James Conway, Chief Administrative Law Judge, on April 21, 2023. The responses to the recommendations were provided by Judge Conway, in a correspondence dated April 21, 2023.

SPRINGFIELD OFFICE:  
ILES PARK PLAZA  
740 EAST ASH • 62703-3154  
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OFFICE OF THE AUDITOR GENERAL  
FRANK J. MAUTINO

**INDEPENDENT ACCOUNTANT'S REPORT**  
**ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE**

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

and

Governing Board  
State of Illinois, Independent Tax Tribunal

**Report on State Compliance**

We have examined compliance by the State of Illinois, Independent Tax Tribunal (Tribunal) 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, 2021. Management of the Tribunal is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the Tribunal's compliance with the specified requirements based on our examination.

The specified requirements are:

- A. The Tribunal 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 Tribunal 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 Tribunal 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 Tribunal 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 Tribunal complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the Tribunal 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.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

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

Our examination disclosed material noncompliance with the following specified requirements applicable to the Tribunal during the two years ended June 30, 2021. As described in the accompanying Schedule of Findings as items 2021-001 through 2021-003, the Tribunal had not 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. As described in the accompanying Schedule of Findings as items 2021-001 through 2021-003, the Tribunal 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 2021-001, the Tribunal had not ensured the State revenues and receipts collected by the Tribunal 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 noncompliance with the specified requirements described in the preceding paragraph, the Tribunal complied with the specified requirements during the two years ended June 30, 2021, 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 2021-004 through 2021-006.

The Tribunal's responses to the compliance findings identified in our examination are described in the accompanying Schedule of Findings. The Tribunal'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.

## **Report on Internal Control Over Compliance**

Management of the Tribunal 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 Tribunal's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Tribunal's compliance with the specified requirements and to test and report on the Tribunal's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the Tribunal's internal control. Accordingly, we do not express an opinion on the effectiveness of the Tribunal'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 2021-001 through 2021-003 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 2021-004 through 2021-006 to be significant deficiencies.

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

The Tribunal's responses to the internal control findings identified in our examination are described in the accompanying Schedule of Findings. The Tribunal'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.

**SIGNED ORIGINAL ON FILE**

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JANE CLARK, CPA  
Director of Financial and Compliance Audits

Springfield, Illinois  
April 21, 2023

**STATE OF ILLINOIS**  
**ILLINOIS INDEPENDENT TAX TRIBUNAL**  
**SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS**  
**For the Two Years Ended June 30, 2021**

2021-001.     **FINDING**     (Inadequate Control over Filing Fees)

The Illinois Independent Tax Tribunal (Tribunal) did not handle filing fees received with incorrectly filed petitions in accordance with State laws and regulations. In addition, the Tribunal did not timely remit Treasurer’s Drafts to complete the receipt process associated with properly filed petitions.

During testing, we noted the Tribunal occasionally receives petitions that are incorrectly filed. The incorrectly filed petitions are either immediately dismissed or dismissed with the ability to amend and refile. In either scenario, the Tribunal returns the petitioner’s original \$500 check or money order to the taxpayer through the mail. The Tribunal’s records indicated this occurred 9 times during Fiscal Year 2020 and 7 times during Fiscal Year 2021.

We noted the following noncompliance related to this process:

- The Tribunal did not process refunds, defined as repayments of fees paid in excess or in error to the State, through the standard voucher-warrant process as defined within the Statewide Accounting Management System (SAMS) (Procedure 11.10.40).

SAMS (Procedure 11.10.40) requires the Tribunal to process refunds, defined as repayments of fees paid in excess or in error to the State, through the standard voucher-warrant process. The State Officers and Employees Money Disposition Act (30 ILCS 230/2) requires the Tribunal to deposit the entire remittance into the State Treasury.

- The Tribunal did not have adequate appropriation authority to issue refunds for the petitions which were denied or considered inadequate. The Tribunal's appropriation authority within the Illinois Independent Tax Tribunal Fund, Fund 0169, is as follows: Public Act 101-0007 appropriated \$783,100 in Fiscal Year 2020 and Public Act 101-0637 appropriated \$651,200 in Fiscal Year 2021 for operational expenditures, but neither Public Act includes an appropriation to the Tribunal for paying refunds.

During both the prior examination and current examination, Tribunal management indicated it does not issue refunds as it believes the process it has in place of returning the original checks to the petitioners is adequate and efficient.

We also noted the following:

- For 11 of 60 (18%) receipts tested, totaling \$5,500, the Tribunal did not timely send the consolidated Receipt Deposit Transmittal (RDT) Form to the Office of Comptroller (Comptroller) after depositing the receipts into the

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2021-001.     **FINDING**     (Inadequate Control over Filing Fees) – Continued

Treasurer’s clearing account. The RDTs were sent between 1 and 16 days late.

SAMS (Procedure 25.10.30) requires moneys received by the Tribunal in the form of checks, drafts, or similar instruments to be delivered to the State Treasurer for collection. The State Treasurer shall remit such collected funds to the Tribunal by Treasurer’s Draft. The draft shall be remitted to the Comptroller to be ordered into the appropriate fund(s). Good internal controls require deposits to be processed timely to increase the balance of funds available for expenditure. The auditors determined 30 days to be a reasonable time frame.

- The support provided by the Tribunal for 7 of 60 (12%) receipts tested, totaling \$3,500, lacked sufficient detail. Auditors were unable to determine if the individual receipts tested were included in the batch deposits listed on the support.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Tribunal 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 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.

- For 28 of 60 (47%) receipts tested, totaling \$14,000, the time between the date the Tribunal deposited receipts and the date the Tribunal drafted the RDT appeared significant and abnormal. Auditors determined 30 days to be a reasonable time to process the RDT after making the deposit. The Tribunal drafted the RDTs between 8 and 256 days after the 30 days.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Tribunal 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 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.

- For one of two (50%) Agency Fee Imposition Reports (Report) tested, the Tribunal incorrectly reported the amount of fees collected. The Fiscal Year 2020 Report stated 164 Petition Filing Fees were charged at a cost of \$500

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2021-001.     **FINDING**     (Inadequate Control over Filing Fees) – Continued

each, totaling \$82,000. Further along in the report, the Tribunal reported the amount deposited for Petition Filing Fees as \$63,500. This is a difference of \$18,500. In addition, the deposits on the Report did not agree to the Tribunal's deposit records. The Tribunal's records reported deposits of \$63,000, resulting in a \$500 difference.

SAMS (Procedure 33.16.10) requires the Tribunal to complete the Agency Fee Imposition Report annually reporting the total amount of revenue generated by the fee during the fiscal year for which the report is prepared. In addition, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Tribunal 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 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.

During the previous examination, Tribunal personnel indicated the issues noted were due to competing priorities and employee oversight. During the current examination, Tribunal officials indicated the issues noted were due to competing priorities and staff error.

Failure to establish and maintain internal control over receipt processing increases the risk of revenue loss or theft, could delay the recognition of available cash within the State Treasury, and represents noncompliance with State laws, rules, and regulations. (Finding Code No. 2021-001, 2019-001, 2017-004, 2015-004)

**RECOMMENDATION**

We recommend the Tribunal:

- pay necessary refunds through the State's voucher-warrant process;
- request an appropriation to pay refunds due;
- prepare and remit all RDTs to the Comptroller on a timely basis;
- maintain sufficient detail of batch deposits; and,
- ensure the accuracy of reports prior to submission.

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2021-001. **FINDING** (Inadequate Control over Filing Fees) – Continued

**TRIBUNAL RESPONSE**

We do not agree with some of the Auditor General’s recommendations. The Tax Tribunal cannot deposit checks for petitions that are deficient and cannot legally be accepted under the Tribunal statute. The Tax Tribunal has a written policy for when a petition is initially rejected for being deficient. If a petition cannot be accepted, any accompanying check will not be accepted as well and will be immediately returned to the petitioner. The fact a check is returned in a case that is not accepted is noted in the case order dismissing the case as well as in our internal docket system and our monthly fee/deposits reconciliation spreadsheet.

We do agree with the Auditor General’s recommendation to timely submit RDTs to the Comptroller, maintain sufficient detail of batch deposits, and to verify the accuracy of reports prior to submission.

**ACCOUNTANT’S COMMENT**

The issue within the finding is when a receipt is considered received under the State Officers and Employees Money Disposition Act as opposed to when the Tribunal can accept a petition given its limited jurisdiction under the Illinois Independent Tax Tribunal Act of 2012. To be received is commonly defined as “to be given, presented with, or paid,” and our position is the Tribunal has received a receipt when the mail is opened and a check or money order is located with the incomplete petition. Currently, the State Officers and Employees Money Disposition Act requires the Tribunal to deposit the entire remittance into the State Treasury.

If the Tribunal continues to disagree with our position, the Tribunal should seek a formal written opinion from the Office of the Attorney General.

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**SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS**  
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2021-002.     **FINDING**     (Information Technology Access Weaknesses)

The Illinois Independent Tax Tribunal (Tribunal) had not implemented adequate internal controls related to applications access and control.

To carry out its mission, the Tribunal utilizes several IT applications, including the Docket System, Central Payroll System (CPS), and Enterprise Resource Planning System (ERP). In order to determine if access was appropriate, we requested the Tribunal to provide the listing of users with access to its applications. However, the Tribunal was unable to provide a population of users during the examination period or documentation demonstrating the population was complete and accurate.

Due to these conditions, we were unable to conclude the Tribunal’s population records were sufficiently precise and detailed under the Professional Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.36). As a result, we were unable to determine if users of those applications had access rights aligned with job duties.

Further, the Tribunal had not developed access provisioning policies and procedures and had not conducted access reviews of the network or CPS during the examination period.

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

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, Access Control section, requires entities to develop access provisioning policies and procedures and ensure access is provided on a needed basis.

The Tribunal indicated the noted weaknesses were due to lack of awareness of requirement.

The lack of adequate controls over access could result in unauthorized access and disclosure of confidential information. (Finding Code No. 2021-002)



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2021-002.     **FINDING**     (Information Technology Access Weaknesses) – Continued

**RECOMMENDATION**

We recommend the Tribunal develop a mechanism to produce user access populations and develop access provisioning policies and procedures. Additionally, we recommend the Tribunal conduct access reviews at least annually.

**TRIBUNAL RESPONSE**

We agree with the Auditor General’s recommendations. We will create a more detailed user access list and will conduct user access reviews annually. We have already implemented a new access policy for employees and contractors.

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**SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS**  
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2021-003.     **FINDING**     (Lack of Adequate Controls over the Review of Internal Controls for Service Providers)

The Illinois Independent Tax Tribunal (Tribunal) had not implemented adequate internal controls over its service providers.

In order to carry out its mission, the Tribunal utilized a service provider for hosting services and software as a service. We requested the Tribunal provide the population of service providers utilized to determine if they had reviewed the internal controls over their service providers. In response to our request, the Tribunal did not provide a population.

Due to these conditions, we were unable to conclude the Tribunal’s population records were sufficiently precise and detailed under the Professional Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.36).

Even given the population limitations noted above, we performed testing over the service provider we identified. During our testing, we noted the Tribunal had not obtained System and Organization Control (SOC) reports or conducted independent internal control reviews of the service provider.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Tribunal 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 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 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 Tribunal indicated they did not believe they utilized any service providers.

Without having obtained and reviewed a SOC report or another form of independent internal controls review, the Tribunal does not have assurance the service provider’s internal controls are adequate. (Finding Code No. 2021-003)

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2021-003.     **FINDING**     (Lack of Adequate Controls over the Review of Internal Controls for Service Providers) – Continued

**RECOMMENDATION**

We recommend the Tribunal strengthen its controls in identifying and documenting all service providers utilized. Further, we recommend the Tribunal obtain SOC reports or conduct independent internal control reviews at least annually. In addition, we recommend the Tribunal:

- Monitor and document the operation of the Complementary User Entity Controls (CUECs) related to the Tribunal’s operations.
- Either obtain and review SOC reports for subservice organizations or perform alternative procedures to satisfy itself that the existence of the subservice organization would not impact its internal control environment.
- Document its review of the SOC reports and review all significant issues with subservice organizations to ascertain if a corrective action plan exists and when it will be implemented, any impact to the Tribunal, and any compensating controls.

**TRIBUNAL RESPONSE**

We agree with the Auditor General’s recommendations. We will create a written list identifying Department of Innovation and Technology (DoIT) as our sole service provider. We do monitor DoIT’s System and Organization Controls reports and will continue to monitor SOCs and any Complementary User Controls contain therein on an annual basis for any impact on our internal control environment and to determine whether any compensating controls should be put in place. The Director does document the annual SOC review with an email to the Chief Administrative Officer.

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**SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS**  
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2021-004.     **FINDING**     (Failure to Fully Implement the Illinois Independent Tax Tribunal Act of 2012)

The Illinois Independent Tax Tribunal (Tribunal) did not comply with certain statutory requirements established within the Illinois Independent Tax Tribunal Act of 2012 (Act).

During testing, we noted the following:

- The Tribunal did not maintain a principal office located within Sangamon County.

The Act (35 ILCS 1010/1-35(a)) requires the Tribunal to maintain its principal offices in both Cook County and Sangamon County.

- The Tribunal did not appoint a clerk or reporter.

The Act (35 ILCS 1010/1-40(a)) requires the Tribunal to appoint a clerk and reporter.

- The Tribunal has not established requirements for the authentication of electronic submissions or legal signatures.

The Act (35 ILCS 1010/1-85(d)) requires the Tribunal establish, by rule, reasonable requirements for the electronic submission of documents and records and the method and type of symbol or security procedure it will accept to authenticate electronic submissions or as a legal signature.

During the previous examination as well as the current examination, Tribunal management disagreed with the requirements of the Act. More specifically, management does not believe the caseload of the Tribunal warrants the cost of an additional office or additional employees.

Failure to maintain a principal office in Sangamon County, appoint a clerk and reporter, and establish rules for the electronic submission of documents represents noncompliance with the Act. (Finding Code No. 2021-004, 2019-002, 2017-005, 2015-008)

**RECOMMENDATION**

We recommend the Tribunal maintain an office in Sangamon County, appoint a clerk and reporter, and establish rules for the electronic submission of documents, or seek a legislative remedy.

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2021-004.     **FINDING**     (Failure to Fully Implement the Illinois Independent Tax Tribunal Act of 2012) – Continued

**TRIBUNAL RESPONSE**

We do not agree with the Auditor General’s recommendation. The Tax Tribunal will not hire additional employees, request that additional judges be appointed, or secure additional permanent office space in Springfield until the need arises and the related costs can be justified. The Tax Tribunal has been open for almost ten years and the statutorily mandated size of the office was a projection done prior to its operations commencing. The General Assembly has been advised through the Tax Tribunal’s yearly budget submissions and in budget hearings as to the Tribunal’s current and potential future staffing and facility needs. Moreover, our budget appropriations have been reduced to allow for a minimal budget to operate just our one office and with no additional hires. A legislative remedy to change the language of the statute should not be done at this time as being unduly burdensome and unnecessary as a stand-alone piece of legislation, but a legislative remedy will be sought when other legislative remedies or legislative enactments are being sought by the Tax Tribunal in the future.

Electronic signatures are not necessary to authenticate electronic submissions. Filings are typically submitted by the parties by email with expected addresses, reducing the need for further verification. No one is allowed to post any court submission directly to the Tax Tribunal’s docket system as only the judges, after reviewing a proposed filing, post the proposed filing to the docket. All parties public court filings and the Tax Tribunal’s orders/decisions are posted on the Tax Tribunal’s website so any false filing would be immediately noticeable to the parties and the court. As with the other sections of the Tax Tribunal statute listed in this finding that were enacted prior to the Tax Tribunal conducting operations, we will seek to delete this irrelevant statutory requirement through a legislative remedy when it is necessary to seek a legislative remedy to address a relevant component of the Tax Tribunal’s operations.

**ACCOUNTANT’S COMMENT**

Per the finding, the General Assembly mandated the Tribunal to have a principal office in Sangamon County and required the Tribunal to appoint both a reporter and a clerk to perform certain duties at the Tribunal. The primary responsibility of State agencies is to administer the functions given to them by the General Assembly in accordance with State law, as written. If the Tribunal believes compliance with a statute would result in an imprudent use of State resources and electronic signatures are not necessary and irrelevant to its operations, the Tribunal should seek legislative remedy. Further, the finding does not recommend the appointment of additional judges.

**STATE OF ILLINOIS**  
**ILLINOIS INDEPENDENT TAX TRIBUNAL**  
**SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS**  
**For the Two Years Ended June 30, 2021**

2021-005.     **FINDING**     (Weaknesses in Cybersecurity Programs and Practices)

The Illinois Independent Tax Tribunal (Tribunal) had not implemented adequate internal controls related to cybersecurity programs, practices, and control of confidential information.

In order to meet its primary role of “resolving disputes between taxpayers and the Illinois Department of Revenue,” the Tribunal utilized IT applications which contained confidential and personal information.

The Illinois State Auditing Act (30 ILCS 5/3-2.4) requires the Auditor General to review State agencies and their cybersecurity programs and practices. During our examination of the Tribunal’s cybersecurity program, practices, and control of confidential information, we noted the Tribunal had not:

- Developed a formal, comprehensive, adequate, and communicated security program (including policies, procedures, and processes as well as clearly defined responsibilities over the security of computer programs and data) to manage and monitor the regulatory, legal, environmental, and operation requirements.
- Developed a risk management methodology, conducted a comprehensive risk assessment, and implemented risk reducing internal controls.
- Established a process to review and ensure security incidents identified by the Department of Innovation and Technology (DoIT) involving the Tribunal’s systems or data were fully remediated and related vulnerabilities were assessed.
- Established a Data Classification Methodology for classifying its data in accordance with risk and how data is protected.

In addition, we noted the Tribunal had experienced a security event during the examination period.

The *Framework for Improving Critical Infrastructure Cybersecurity and 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 requires entities to consider risk management practices, threat environments, legal and regulatory requirements, mission objectives, and constraints in order to ensure the security of their applications, data, and continued business mission.

**STATE OF ILLINOIS**  
**ILLINOIS INDEPENDENT TAX TRIBUNAL**  
**SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS**  
**For the Two Years Ended June 30, 2021**

2021-005.     **FINDING**     (Weaknesses in Cybersecurity Programs and Practices) –  
Continued

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Tribunal 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 Tribunal indicated the weaknesses were the result of the Tribunal’s belief the responsibilities belonged to DoIT.

The lack of adequate cybersecurity programs and practices could result in unidentified risk and vulnerabilities, which could ultimately lead to the Tribunal’s confidential and personal information being susceptible to cyber-attacks and unauthorized disclosure. (Finding Code No. 2021-005, 2019-003)

**RECOMMENDATION**

We recommend the Tribunal work with DoIT to obtain a detailed understanding of responsibilities related to cybersecurity controls. Additionally, we recommend the Tribunal:

- Develop a formal, comprehensive, adequate, and communicated security program to manage and monitor the regulatory, legal, environmental, and operational requirements.
- Develop a risk management methodology, conduct a comprehensive risk assessment, and implement risk reducing internal controls.
- Establish a process to review and ensure security incidents identified by DoIT involving the Tribunal’s systems or data are fully remediated and related vulnerabilities are assessed.
- Develop a data classification methodology.

**TRIBUNAL RESPONSE**

We agree with the Auditor General’s recommendations. We will develop more robust formal written policies in lieu of existing formal and informal policies to manage and monitor the regulatory, legal, environmental, and operational requirements of the Tax Tribunal. We will develop risk management methodology, conduct a risk assessment on an annual basis, and implement risk reducing internal

**STATE OF ILLINOIS  
ILLINOIS INDEPENDENT TAX TRIBUNAL  
SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS  
For the Two Years Ended June 30, 2021**

2021-005.     **FINDING**     (Weaknesses in Cybersecurity Programs and Practices) –  
Continued

controls over that which we control and where feasible. We will review and update our existing cyber security violation action plan.



**STATE OF ILLINOIS**  
**ILLINOIS INDEPENDENT TAX TRIBUNAL**  
**SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS**  
**For the Two Years Ended June 30, 2021**

2021-006.     **FINDING**     (Disaster Recovery Planning Weaknesses)

The Illinois Independent Tax Tribunal (Tribunal) had not developed a Disaster Recovery plan or conducted testing.

In order to carry out its mission, the Tribunal utilizes several IT applications including the Docket System. During our examination, we requested the Tribunal’s disaster recovery plan to ensure timely recovery of its applications and data. However, the Tribunal had not developed a disaster recovery plan or conducted disaster recovery testing during the examination period.

In addition, the Tribunal did not have backup policies or procedures and had not established a process to ensure backups were completed successfully.

The *Contingency Planning Guide for Information Technology Systems* published by the National Institute of Standards and Technology requires entities to have an updated and regularly tested disaster contingency plan to ensure the timely recovery of applications and data. Further, backup policies are to be established to ensure backups are successful.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Tribunal 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 Tribunal indicated there was not a Disaster Recovery Plan in place because the systems utilized by the Tribunal were controlled and managed by the Department of Innovation and Technology (DoIT).

Without an adequately documented and tested contingency plan and ensuring the successfulness of backups, the Tribunal cannot ensure its critical systems could be recovered within an acceptable period, therefore minimizing the impact associated with a disaster. (Finding Code No. 2021-006)

**RECOMMENDATION**

We recommend the Tribunal work with DoIT to determine responsibilities and assist in developing a disaster recovery plan to ensure the timely recovery of their application and data. Once developed, we recommend the Tribunal periodically test the disaster recovery plan. Additionally, we recommend the Tribunal develop adequate backup policies and procedures, including the verification of successful backups.

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**SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS**  
**For the Two Years Ended June 30, 2021**

2021-006.     **FINDING**     (Disaster Recovery Planning Weaknesses) – Continued

**TRIBUNAL RESPONSE**

We agree with the Auditor General’s recommendations. While we do have a disaster recovery plan, we will review and update it where necessary. We will test the plan by simulating a disaster once a year. We will document when creating backups as part of a new cyber security requirement/policy.

**ACCOUNTANT’S COMMENT**

The Tribunal’s disaster recovery plan did not contain the requirements of a recovery plan. The disaster recovery plan contained contact information and personal computer information.

**STATE OF ILLINOIS  
ILLINOIS INDEPENDENT TAX TRIBUNAL  
SCHEDULE OF FINDINGS – PRIOR FINDINGS NOT REPEATED  
For the Two Years Ended June 30, 2021**

A. **FINDING** (Lack of Due Diligence over ERP Transition)

During the previous engagement, the Illinois Independent Tax Tribunal (Tribunal) did not exercise adequate due diligence over the transition to the Enterprise Resource Planning System (ERP).

During the current engagement, the Tribunal did not implement any new modules of the ERP.  
(Finding Code No. 2019-004)