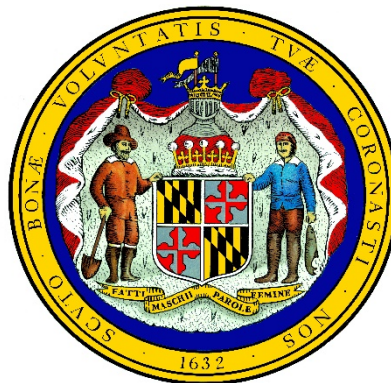


Audit Report

Property Tax Assessment Appeals Boards

October 2023



OFFICE OF LEGISLATIVE AUDITS
DEPARTMENT OF LEGISLATIVE SERVICES
MARYLAND GENERAL ASSEMBLY

Joint Audit and Evaluation Committee

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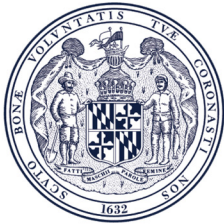
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Victoria L. Gruber
Executive Director

DEPARTMENT OF LEGISLATIVE SERVICES
OFFICE OF LEGISLATIVE AUDITS
MARYLAND GENERAL ASSEMBLY

Gregory A. Hook, CPA
Legislative Auditor

October 4, 2023

Senator Clarence K. Lam, M.D., Senate Chair, Joint Audit and Evaluation Committee
Delegate Jared Solomon, House Chair, Joint Audit and Evaluation Committee
Members of Joint Audit and Evaluation Committee
Annapolis, Maryland

Ladies and Gentlemen:

We have conducted a fiscal compliance audit of the Property Tax Assessment Appeals Boards for the period beginning March 25, 2019 and ending June 30, 2023. The Boards consist of the local boards established in each of the State's 24 local jurisdictions to hear appeals of property tax assessments.

Our audit did not disclose any findings that warrant mention in this report.

We wish to acknowledge the Boards' efforts to satisfactorily address the finding contained in our preceding audit report. We also wish to acknowledge the cooperation extended to us during the audit by the Boards.

Respectfully submitted,

Gregory A. Hook, CPA
Legislative Auditor

Background Information

Agency Responsibilities

The Property Tax Assessment Appeals Boards consist of the local boards, which have been established in the 24 local jurisdictions to hear appeals of property tax assessments, and an administrative office located in Hagerstown. Each local board consists of three members, and in most jurisdictions one alternate member, who are appointed by the Governor for five-year terms. According to the State's records, the Boards' fiscal year 2022 operating expenditures totaled \$983,482 (see Figure 1 below).

Figure 1
Property Tax Assessment Appeals Boards
Positions, Expenditures, and Funding Sources

Full-Time Equivalent Positions as of June 30, 2022		
	Positions	Percent
Filled	8	100.0%
Vacant	0	0.0%
Total	8	
Fiscal Year 2022 Expenditures		
	Expenditures	Percent
Salaries, Wages, and Fringe Benefits	\$816,235	83.0%
Technical and Special Fees	195	0.0%
Operating Expenses	167,052	17.0%
Total	\$983,482	
Fiscal Year 2022 Funding Sources		
	Funding	Percent
General Fund	\$983,482	100.0%
Total	\$983,482	

Source: State financial and personnel records

Status of Finding From Preceding Audit Report

Our audit included a review to determine the status of the finding contained in our preceding audit report dated January 31, 2020. We determined that the Boards satisfactorily addressed this finding.

Findings and Recommendations

Our audit did not disclose any significant deficiencies in the design or operation of the Boards' internal control. Our audit also did not disclose any significant instances of noncompliance with applicable laws, rules, or regulations. A finding that did not warrant inclusion in this report was separately communicated to the Boards.

A draft copy of this report was provided to the Boards. Since there are no recommendation in this report, a written response was no necessary.

Audit Scope, Objectives, and Methodology

We have conducted a fiscal compliance audit of the Property Tax Assessment Appeals Boards for the period beginning March 25, 2019 and ending June 30, 2023. The audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

As prescribed by the State Government Article, Section 2-1221 of the Annotated Code of Maryland, the objectives of this audit were to examine the Boards' financial transactions, records, and internal control, and to evaluate its compliance with applicable State laws, rules, and regulations.

In planning and conducting our audit, we focused on the major financial-related areas of operations based on assessments of significance and risk. The areas addressed by the audit included maintenance of payroll records and appeals case management. We also determined the status of the finding contained in our preceding audit report.

Our audit did not include certain support services provided to the Boards by the State Department of Assessments and Taxation. These support services (such as purchasing, maintenance of accounting records, and related fiscal functions) are included within the scope of our audit of the Department.

Our assessment of internal controls was based on agency procedures and controls in place at the time of our fieldwork. Our tests of transactions and other auditing procedures were generally focused on the transactions occurring during our audit period of March 25, 2019 to June 30, 2023, but may include transactions before or after this period as considered necessary to achieve our audit objectives.

To accomplish our audit objectives, our audit procedures included inquiries of appropriate personnel, inspections of documents and records, tests of transactions, and to the extent practicable, observations of the Boards' operations. Generally, transactions were selected for testing based on auditor judgment, which primarily considers risk, the timing or dollar amount of the transaction, or the significance of the transaction to the area of operation reviewed. As a matter of course, we do not normally use sampling in our tests, so unless otherwise specifically indicated, neither statistical nor non-statistical audit sampling was used to select the transactions tested. Therefore, unless sampling is specifically indicated in a finding, the results from any tests conducted or disclosed by us cannot be used to project those results to the entire population from which the test items were selected.

We also performed various data extracts of pertinent information from the State's Financial Management Information System (such as revenue and expenditure data) and the State's Central Payroll Bureau (payroll data). These extracts are performed as part of ongoing internal processes established by the Office of Legislative Audits and were subject to various tests to determine data reliability. We determined that the data extracted from these sources were sufficiently reliable for the purposes the data were used during this audit. Finally, we performed other auditing procedures that we considered necessary to achieve our audit objectives. The reliability of data used in this report for background or informational purposes was not assessed.

The Boards' management is responsible for establishing and maintaining effective internal control. Internal control is a process designed to provide reasonable assurance that objectives pertaining to the reliability of financial records; effectiveness and efficiency of operations, including safeguarding of assets; and compliance with applicable laws, rules, and regulations are achieved. As provided in *Government Auditing Standards*, there are five components of internal control: control environment, risk assessment, control activities,

information and communication, and monitoring. Each of the five components, when significant to the audit objectives, and as applicable to the Boards, were considered by us during the course of this audit.

Because of inherent limitations in internal control, errors or fraud may nevertheless occur and not be detected. Also, projections of any evaluation of internal control to future periods are subject to the risk that conditions may change or compliance with policies and procedures may deteriorate.

Our reports are designed to assist the Maryland General Assembly in exercising its legislative oversight function and to provide constructive recommendations for improving State operations. As a result, our reports generally do not address activities we reviewed that are functioning properly.

AUDIT TEAM

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Audit Manager

Oluwafemi E. Ogundolie
Senior Auditor