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TONI PRECKWINKLE

President

Cook County Board
of Commissioners

October 1, 2025

TARA S. STAMPS
1st District

The Honorable Toni Preckwinkle, President
Cook County Board of Commissioners
118 North Clark Street, Room 537
Chicago, Illinois 60602

MICHAEL SCOTT JR.
2nd District

BILL LOWRY
3rd District

Dear President Preckwinkle and Board of Commissioners:

STANLEY MOORE
4th District

In accordance with the [Cook County Auditor Ordinance](#) and our Fiscal Year 2021 Audit Plan, the Office of the County Auditor (OCA) conducted an audit of the Cook County Treasurer's Office (CCTO) Tax Sales Automation Fund (Fund). The audit objective was to determine whether proper controls were in place regarding the collection and use of the Fund's proceeds.

KISHA E. MCCASKILL
5th District

DONNA MILLER
6th District

We conducted the audit from January 6, 2024, through April 26, 2025. Attached is OCA's audit report which includes two findings and recommendations for corrective action. CCTO agreed with OCA's findings and recommendations. CCTO's management comments are included in their entirety within OCA's report (see Appendix II). We appreciate the cooperation extended by CCTO's staff during the audit.

ALMA E. ANAYA
7th District

JESSICA VASQUEZ
8th District

MAGGIE TREVOR
9th District

Sincerely,

Heath Wolfe, County Auditor

BRIDGET GAINER
10th District

cc: Maria Pappas, Cook County Treasurer, CCTO
David Byrnes, Chief of Staff/Chief Deputy Treasurer, CCTO
Andrew Jatco, Chief Financial Officer, CCTO

JOHN P. DALEY
11th District

BRIDGET DEGNEN
12th District

JOSINA MORITA
13th District

SCOTT R. BRITTON
14th District

KEVIN B. MORRISON
15th District

FRANK J. AGUILAR
16th District

SEAN M. MORRISON
17th District



COOK COUNTY GOVERNMENT
OFFICE OF THE COUNTY AUDITOR

Cook County Treasurer's Office
Tax Sale Automation Fund
Internal Audit Report
October 1, 2025

Issued By:

Heath Wolfe, County Auditor

Audit Conducted By:

Aiden Katalamwa, Senior Field Auditor
Kimberly Sampey, Audit Supervisor

EXECUTIVE SUMMARY

The Office of the County Auditor (OCA) completed an audit of the Cook County Treasurer's Office (CCTO) Tax Sale Automation Fund (Fund). The objective of the audit was to determine if proper controls existed over the collection and use of the Fund's proceeds. The audit resulted in two findings in the following key areas:

- **Unreconciled Count and Amount of Tax Sale Certificates, Recorded Automation Sales Revenue, and RealAuction, LLC's Payment Records:** There were discrepancies between the number of delinquent tax lien certificates sold, the recorded revenue from automation Fund sales, and payments to the online auction vendor, RealAuction, LLC. This resulted from a deficiency in the reconciliation process for tax sales, which could lead to inaccurate financial reporting or undetected errors.
- **Outdated Accounting and Policy Manual:** CCTO's Accounting and Policy Manual was outdated and had not been reviewed or updated for 8 years. The Manual included references to the JD Edwards system, which CCTO phased out more than a decade ago. This could lead to inconsistencies, errors, inefficiencies, and potential non-compliance with CCTO's current operations.

OCA provides recommendations to address the two findings and CCTO's management comments are included in this audit report (see Appendix II). We performed this audit in accordance with the International Standards for the Professional Practice of Internal Auditing (Institute of Internal Auditors' Redbook) and the evidence obtained provides a reasonable basis for our conclusions. The fieldwork was conducted from January 6, 2024, through April 26, 2025.

ABBREVIATIONS

CAP	Corrective Action Plan
CCTO	Cook County Treasurer's Office
FY	Fiscal Year
OCA	Cook County's Office of the County Auditor
PIN	Property Identification Number

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BACKGROUND

CCTO is a vital part of Cook County's financial framework. It holds the distinction of managing the second-largest property tax system in the United States, and is responsible for the efficient collection, investment, and distribution of property tax revenues. Additionally, CCTO processes overpayment refunds, adhering to specific statutes of limitation, and handling other various scenarios like duplicate payments and tax adjustments.

CCTO has additional responsibilities, including investing revenues and other public funds of Cook County in conformance with federal and state laws and local ordinances. CCTO also manages tax sales, including the annual tax sale for delinquent property taxes and scavenger sales of properties with three or more years of delinquent taxes. The annual tax sale involves publishing delinquent property identification numbers (PINs) on a third-party website (RealAuction, LLC), managing bidder registration, verifying collateral, collecting funds from winning bidders, and recording the lien on the PINs sold. A Tax Automation Fund fee of \$10 is charged per PIN sold.

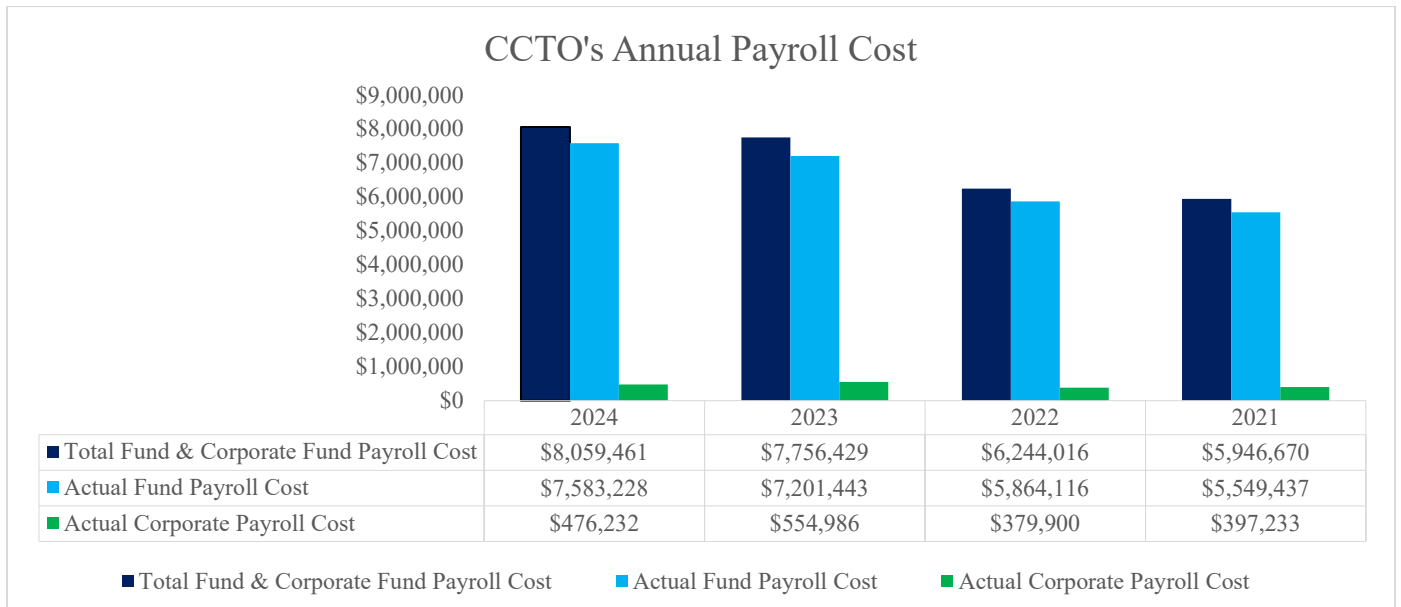
The Tax Sale Automation Fund (Fund), established under [Cook County Municipal Code Section 74-40](#), primarily draws its revenue from various fees associated with the processing of property tax payments, including duplicate real estate tax bill fees, special fees, electronic payment fees, and fees from the delinquent tax sales process previously referenced. The Fund's purpose is to finance the creation and upkeep of a computerized system designed for managing delinquent property tax sales. The Fund plays a critical role in supporting modernization efforts by providing financial resources for CCTO's information technology department, electronic payment systems, website development, and communication system.

CCTO administers the Fund. The Municipal Code mandates that the Cook County Treasurer maintain accurate records of all fees collected and interest earned and provide monthly fund balance reports to the County Board. The records and reports are subject to audit by OCA. Fund expenditures, approved by the County Board with the Cook County Treasurer's consent, must be used for automating property tax collections and delinquent property tax sales (including hardware, software, research and development, and personnel) and for providing electronic access to relevant records.

Over the years, CCTO's staffing level and budget decreased, which is attributed to the implementation of office automation that increased efficiency.

For Fiscal Year (FY) 2024, CCTO reported total revenue of \$103 million. Of this amount, \$16 million is attributable to fees deposited in the Fund. The remainder was deposited in the County's General Government Services Fund (Corporate Fund). For FY 2024, CCTO had a staff of 76 full-time employees, costing more than \$8 million. Approximately 95% of CCTO's FY 2024 payroll costs (\$7.6 million) were paid from the Fund, with the remaining 5% (\$.5 million) paid from the Corporate Fund. (See **Figure 1.1** on the next page)

Figure 1.1

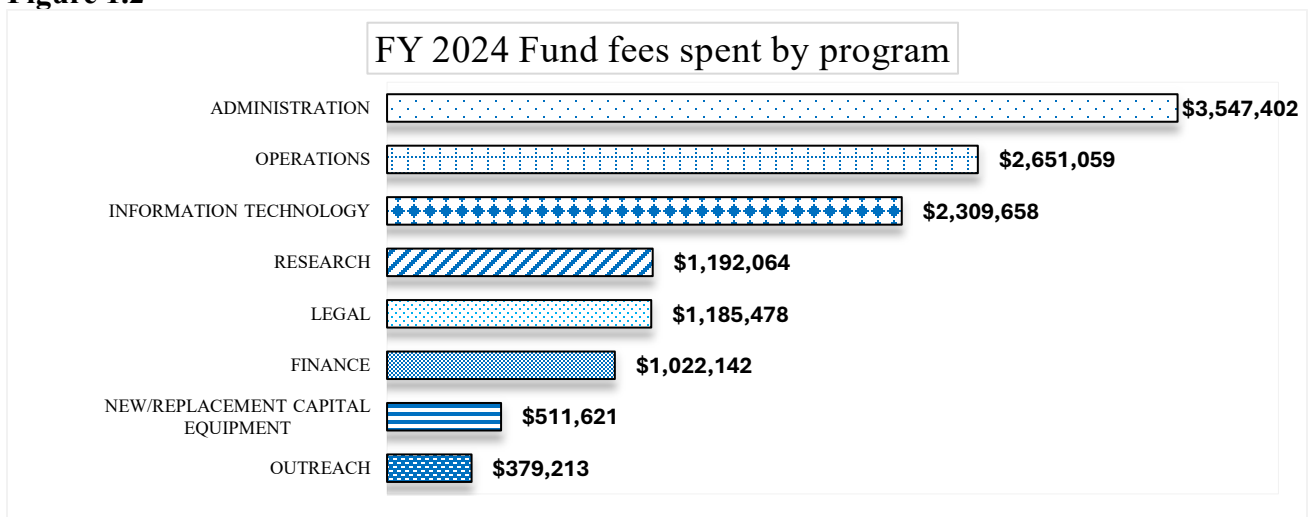


Source: Created by OCA

Of CCTO’s 76 employees, 70 are financed by the Fund, covering diverse roles such as property tax collections, delinquent tax sales, tax process automation, customer service, communications, and other support staff. The remaining six employees’ positions are financed by the Corporate Fund, including the Cook County Treasurer and administrative staff.

Approximately 80% of the \$16 million in Funds collected by CCTO in FY 2024 (\$12 million) was used to fund payroll and related expenses for 8 programs under the Fund: Research, New/Replacement Capital Equipment, Outreach, Operations, Legal, Information Technology, Finance, and Administration. (See **Figure 1.2**)

Figure 1.2



Source: Created by OCA

AUDIT SCOPE AND OBJECTIVES

OCA's audit of CCTO's Fund covered the following objectives:

- Verify that written policies and procedures exist to document internal controls over the tax sales process.
- Ensure that tax sales automation fees were used in accordance with the applicable Municipal Code.
- Determine if adequate controls exist for recording and reporting tax automation fund collections; and
- Assess whether adequate controls exist over the tax sale process, including publication, bidding, and selection of successful bidders.

The audit focused on the Fund's activities during FY 2024 and included a review of documentation, interviews with key personnel, and testing of financial transactions. The audit procedures involved assessing compliance, reviewing financial reports, examining revenue collection and disbursement processes, and evaluating record-keeping and reporting practices.

RESULTS

The audit identified two areas for improvement. While the audit determined that tax sales automation fees were used in accordance with the Municipal Code and that adequate controls exist over the tax sale process, some areas need improvement.

Finding 1: Unreconciled Tax Sale Certificates and Reported Fees

For the annual delinquent tax sales conducted in December 2024, OCA identified a variance between the number of PINs listed as sold on RealAuction, LLC's billing invoice (7,758) and the number of PINs used to record revenue by CCTO (7,748).

During the sales period, CCTO performed a daily reconciliation to record revenue by comparing the number of PINs sold per the Record Sales Report provided in a daily email summary to bank records documenting the fees received. However, this reconciliation did not identify and address the variance between the number of PINs where the fee was collected versus the amount of revenue recorded.

This resulted in incorrect financial reporting; \$100 in tax automation fund fees collected but were not recorded as revenue in CCTO's Fund.

The reconciliation control, as designed, did not detect this variance. While the variance identified for the December 2024 delinquent tax sales was not material, OCA did not determine whether this issue impacted recorded revenue in previous annual tax sales.

Finding 2: Outdated Accounting and Policy Manual

CCTO's Accounting and Policy Manual was outdated, having last been updated in 2017 and still referenced the JD Edwards system, which was phased out more than 7 years ago. The Accounting and Policy Manual should be reviewed and updated annually to reflect CCTO's current requirements, operational changes, and technological advancements. An outdated Manual can lead to inconsistencies in application, increased risk of errors, and potential non-compliance with CCTO's applicable laws and requirements. This may result in errors, non-compliance, inconsistencies, reduced efficiency, weakened internal controls, and a lack of clarity for staff.

RECOMMENDATIONS & MANAGEMENT COMMENTS

OCA offers two recommendations to address the previously mentioned findings.

Recommendation #1: Enhance CCTO's Controls Over the Reconciliation of PINs Sold and Revenue Records

We recommend that CCTO's existing reconciliation process be updated to compare the number of PINs sold to the amounts recorded as fee revenue to the Fund.

- **Management Comments and Corrective Action Plan (CAP):** Management concurs with OCA's recommendation and will update the reconciliation process to compare the number of PINs sold to the amounts recorded as fee revenue to the Fund at month-end to complement CCTO's daily reconciliation process.
- **Implementation Details:** At the conclusion of this audit, CCTO's management will implement OCA's recommendation in advance of the next tax sale.
- **Supporting documentation to support and validate CAP implementation:** Written communication to staff describing the additional reconciliation process that will be sent in October 2025 will be provided to OCA.
- **Person Responsible for Implementation:** Andrew Jatiko, CCTO's Chief Financial Officer
- **Expected Completion Date:** October 31, 2025

Recommendation #2: Establish a Formal Process for Manual Updates and Policy Review

We recommend that CCTO implement procedures and controls to update its Accounting and Policy Manual on a periodic basis. The updated Manual should be communicated to CCTO's staff.

- **Management Comments and CAP:** When the County transitioned from JD Edwards to Oracle in 2017, CCTO expected to transition from the County's mainframe system for property tax collections to an integrated property tax system shortly thereafter. Given that the accounting process in JD Edwards was like Oracle, CCTO chose to wait on updating the Manual to include transition to the integrated property tax system, as that would have a significant impact on the process. That transition has yet to occur.
- **Implementation Details:** Once CCTO's transition to the integrated property tax system is complete, we will update the Manual to include the updated references to Oracle as well as the more substantive changes resulting from the transition.
- **Supporting documentation to support and validate CAP implementation:** CCTO will provide OCA with the updated Manual once completed.
- **Person Responsible for Implementation:** Andrew Jatico, CCTO's Chief Financial Officer
- **Expected Completion Date:** First quarter of 2026

APPENDIX I: METHODOLOGY

Audit Methodology for Treasury Tax Sales

The methodology followed by OCA during the audit of CCTO's Fund was a comprehensive, risk-based approach conducted in accordance with International Standards for the Professional Practice of Internal Auditing (Institute of Internal Auditors' Redbook). The methodology can be broken down into the following key phases:

1. Planning and Objective Setting

- **Overall Objective:** The audit's primary goal was to determine if proper controls were in place for the collection and use of the funds collected.
- **Detailed Objectives:** The audit was planned around four specific objectives:
 - Verifying that written policies and procedures exist for internal controls over the tax sales process.
 - Confirming that automation fees were used in compliance with the applicable Municipal Code.
 - Assessing the adequacy of controls over the recording and reporting of Fund collections.
 - Evaluating the controls for the end-to-end tax sale process (e.g., publication, bidding, and selection).
- **Scope:** The audit focused on activities during FY 2024, reviewing relevant documents, conducting interviews with key personnel, and testing financial transactions.

2. Fieldwork and Evidence Gathering

- **Documentation Review:** The audit team reviewed various documents related to the Fund's operations, including monthly financial reports, bank reconciliations, and sales reports from the third-party vendor, RealAuction, LLC.
- **Control Testing:** The methodology included "end-to-end testing" of automation fees, reviewing deposits and register reconciliations, and testing for proper authorization and approval of Fund expenditures. The audit also included a test of details for Fund expenses.
- **Interviews:** OCA conducted interviews with key personnel, including CCTO's Chief Financial Officer and Chief Legal Counsel, to understand the processes and controls in place.

3. Reporting and Conclusion

- Findings and Recommendations:** The audit concluded that while the Fund expenditures complied with the Municipal Code and the tax sale process had adequate controls, the controls over recording and reporting Fund collections were only partially effective. The audit also found that CCTO’s Accounting and Policy Manual was outdated. Based on these findings, OCA issued two specific recommendations to address these deficiencies.
- Management Response:** The methodology included a step where the findings and recommendations were presented to CCTO’s management, who were then given the opportunity to provide comments and CAPs.

Treasury Tax Sales Automation Fund Test Approach

Audit Objective	Test Plans	Audit Procedures	Key Information and Documents Reviewed/Tested	Results
Written policies and procedures exist to document the internal controls over the tax sales process.	Review and update of the Accounting and Policy Manual.	The audit assessed the age and relevance of the existing Accounting and Policy Manual. The audit noted that the Manual was outdated and still referenced a system no longer in use. A formal procedure for annual review and update was recommended.	The Accounting and Policy Manual was last updated in 2017, still referencing the outdated JD Edwards system.	Not Effective. The audit concluded that the written policies and procedures were outdated and did not reflect CCTO’s current practices, increasing the risk of errors and non-compliance.
Tax sales automation funds were used in accordance with the applicable Municipal Code.	Review Fund expenditures and approvals.	The audit reviewed the allocation of collected funds to ensure they were used for purposes outlined in the Municipal Code, such as for information technology, electronic payment systems, and website development. The audit also tested a sample of Fund	Municipal Code Section 74-40 was the primary document reviewed. The audit also examined payroll costs, which were approximately 95% of the FY 2024 budget, and the allocation of	Effective. The audit concluded that the fees were used in accordance with the Municipal Code for their intended purpose.

Audit Objective	Test Plans	Audit Procedures	Key Information and Documents Reviewed/Tested	Results
		expenses and payroll records.	funds to programs like information technology, operations, and administration.	
Adequate controls exist around the recording and reporting of Fund collections.	Reconcile tax sale certificates and recorded fees with vendor payments.	The audit compared the count and amount of tax sale certificates sold, the recorded automation sales revenue, and the payment records from the third-party online auction vendor, RealAuction, LLC. The audit specifically looked for discrepancies between these records.	The audit tested a sample of the December 2024 delinquent tax sale records. A 10-certificate/PIN discrepancy was found between the calculated sales and the RealAuction, LLC invoice.	Partially Effective. The audit identified a deficiency in the reconciliation process, which resulted in a discrepancy between the calculated certificates sold and the vendor's records.
Adequate controls exist over the tax sale process, including publication, bidding, and selection of successful bidders.	Test the end-to-end tax sale process.	The audit reviewed the overall process from publishing delinquent PINs to managing bidder registration and verifying collateral. This included examining the collection of funds and the subsequent recording of the lien on the PINs sold.	The audit reviewed the process from end-to-end, including records related to the online auction vendor, RealAuction, LLC, and the tax sales deposit and registration logs.	Effective. The audit concluded that the controls over the general tax sale process were adequate, despite the reconciliation issue noted in the previous objective.

APPENDIX II: MANAGEMENT COMMENTS



Maria Pappas
Cook County Treasurer

MEMORANDUM

TO: Heath Wolfe, County Auditor

FROM: Andrew Jatico, Chief Financial Officer, Cook County Treasurer's Office

A handwritten signature in blue ink, appearing to read "AJ", is written over the "FROM" line.

SUBJECT: Response to Tax Sale Automation Fund Internal Audit Report

DATE: September 22, 2025

This memorandum provides the Cook County Treasurer's Office (CCTO) official response to the draft audit report on the Tax Sale Automation Fund. We appreciate the Office of the County Auditor (OCA) for its thorough review and for the opportunity to respond to the findings and recommendations.

The CCTO is committed to maintaining strong internal controls. We have reviewed the two recommendations provided and have developed the following corrective action plans to address them.

Recommendation #1: Enhance Controls Over the Reconciliation of PINs Sold and Revenue Records

Management concurs with the recommendation to enhance our reconciliation process. To strengthen controls, we will update our procedures to include a month-end comparison of the number of Property Index Numbers (PINs) sold against the fee revenue recorded in the Fund. This new step will complement our office's existing daily reconciliation process and ensure greater accuracy. This enhancement will be implemented prior to the next tax sale.

- **Person Responsible for Implementation:** Andrew Jatico, Chief Financial Officer
- **Expected Completion Date:** October 31, 2025

Recommendation #2: Establish a Formal Process for Manual Updates and Policy Review

Management agrees with the recommendation to establish a formal process for periodically updating the CCTO Accounting and Policy Manual. The manual was not previously updated following the county's transition from JD Edwards to Oracle, as we anticipated a more comprehensive transition to a new, integrated property tax system. As this larger system transition is still pending, we recognize the need to formalize current procedures. Once the transition to the new integrated property tax system is complete, we will fully update the manual to reflect the new system and associated processes. The updated manual will then be communicated to all relevant staff.

- **Person Responsible for Implementation:** Andrew Jatico, Chief Financial Officer
- **Expected Completion Date:** Q1 2026

We thank the OCA for its valuable recommendations to strengthen the CCTO's controls over the Tax Sales Automation Fund. If you have any questions regarding this response, please do not hesitate to contact me.

Sincerely,
Andrew Jatico, Chief Financial Officer

cc: Kimberly Sampey, Audit Supervisor
Aiden Katalemwa, Senior Field Auditor

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