

**STATE OF ILLINOIS  
OFFICE OF THE STATE FIRE MARSHAL**

**COMPLIANCE EXAMINATION**

For the Two Years Ended June 30, 2004

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STATE OF ILLINOIS  
OFFICE OF THE STATE FIRE MARSHAL

**AGENCY OFFICIALS**

State Fire Marshal (April 12, 2004 through present)	Mr. J.T. Somer
State Fire Marshal (July 17, 2003 through April 11, 2004)	Mr. Peter F. Viña
State Fire Marshal (July 1, 2002 through July 16, 2003)	Mr. Ernest E. Russell
Deputy Director (November 1, 2002 through present)	(Vacant)
Deputy Director (July 1, 2002 through October 31, 2002)	Mr. Dan Williams
Fiscal Officer (November 19, 2004 through present)	Mr. Abasse Tall
Fiscal Officer (July 1, 2002 through November 18, 2004)	Mr. Larry Smith
General Counsel (September 15, 2003 through present)	Mr. Joseph August, Jr.
General Counsel (January 1, 2003 through September 14, 2003)	(Vacant)
General Counsel (July 1, 2002 through December 31, 2002)	Mr. John Pavlou

Agency offices are located at:

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Springfield, Illinois 62703

JRTC, 100 W. Randolph  
Suite 11-800  
Chicago, Illinois 60601

2309 W. Main  
Marion, Illinois 62959



**Office of the Illinois  
State Fire Marshal**

---

October 29, 2004

Office of the Auditor General  
lles Park Plaza  
740 East Ash  
Springfield, Illinois 62703-3154

Subject: Management Assertion Letter

Ladies and Gentlemen:

We acknowledge that we are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grants that could have a material effect on the operations of the Agency. We further acknowledge that we are responsible for and we have established and maintained an effective system of internal controls over compliance requirements, except as disclosed to the auditors during this engagement. We have performed an evaluation of the Agency's compliance with the following assertions during the two-year period ended June 30, 2004. Based on this evaluation, we assert that during the year(s) ended June 30, 2003 and June 30, 2004, the Agency has materially complied with the assertions below.

- A. The agency 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 agency 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 agency has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. The State revenues and receipts collected by the agency 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.
- E. The money or negotiable securities or similar assets handled by the agency on behalf of the State or held in trust by the agency have been properly and

legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

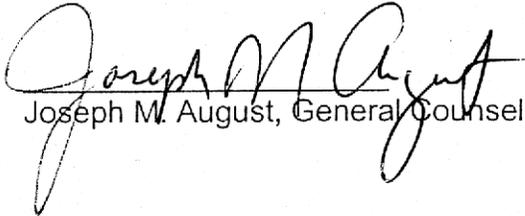
Yours very truly,

Office of the State Fire Marshal



J.T. Somer, Fire Marshal

*Abasse Tall* *heard on 11/19/04*  
Abasse Tall, Fiscal Officer



Joseph M. August, General Counsel

## COMPLIANCE REPORT

### SUMMARY

The compliance testing performed during this examination was conducted in accordance with *Government Auditing Standards* and in accordance with the Illinois State Auditing Act.

### AUDITORS' REPORTS

The Independent Accountants' Report on State Compliance, on Internal Control Over Compliance and on Supplementary Information for State Compliance Purposes does not contain scope limitations, disclaimers, or other significant non-standard language.

### SUMMARY OF FINDINGS

<u>Number of</u>	<u>This Report</u>	<u>Prior Report</u>
Findings	9	8
Repeated findings	5	2
Prior recommendations implemented or not repeated	3	2

Details of findings are presented in a separately tabbed report section.

### SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
FINDINGS (STATE COMPLIANCE)		
<u>Expenditures</u>		
04-1	9	Efficiency initiative payments
<u>Internal Controls</u>		
04-2	12	Inadequate controls over employees
04-3	14	Inadequate controls over development/changes to computer applications
<u>Statutory Mandates</u>		
04-4	16	Backlog of boiler and pressure vessel inspections

04-5	18	Noncompliance with the Elevator Safety Act
04-6	19	Chief and Deputy Inspectors did not provide bonds
		<u>Accounting and Reporting</u>
04-7	20	Inadequate controls over equipment
04-8	22	Inaccurate depreciation reporting
04-9	23	Inadequate collection and accounting for accounts receivable

PRIOR FINDINGS NOT REPEATED (STATE COMPLIANCE)

04-10	25	Lack of controls over Firefighters Memorial Fund distribution
04-11	25	Untimely and inaccurate GAAP reporting forms
04-12	25	Incomplete and untimely written notice of formal charges

**EXIT CONFERENCE**

The findings and recommendations appearing in this report were discussed with Agency personnel at an exit conference on February 22, 2005. Attendees were:

Office of the Auditor General

Lisa Warden, Audit Manager  
 Matt Campbell, Audit Supervisor  
 Jeremy Mehochko, IS Audit Supervisor  
 Joelle Sullivan, Staff Auditor

Office of the State Fire Marshal

J.T. Somer, Fire Marshal  
 Abasse Tall, Fiscal Officer  
 Richard Crum, Arson Division Director  
 Misty Matykiewiecz, Fire Prevention Division Director  
 David Downin, Boiler Safety Division Director  
 Shelly Bradley, Underground Storage Tank Division Director  
 Susie Alwerdt, Personal Standards & Education Director  
 Jim Lapping, Elevator Safety Division Director  
 Janet Smith, Accountant Supervisor

Responses to the recommendations were provided by J.T. Somer in a letter dated March 3, 2005.

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OFFICE OF THE AUDITOR GENERAL  
WILLIAM G. HOLLAND

INDEPENDENT ACCOUNTANTS' REPORT ON STATE COMPLIANCE,  
ON INTERNAL CONTROL OVER COMPLIANCE, AND ON  
SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

Honorable William G. Holland  
Auditor General  
State of Illinois

**Compliance**

We have examined the State of Illinois, Office of the State Fire Marshal's compliance with the 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, 2004. The management of the State of Illinois, Office of the State Fire Marshal is responsible for compliance with these requirements. Our responsibility is to express an opinion on the State of Illinois, Office of the State Fire Marshal's compliance based on our examination.

- A. The State of Illinois, Office of the State Fire Marshal 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 State of Illinois, Office of the State Fire Marshal 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 State of Illinois, Office of the State Fire Marshal has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. The State revenues and receipts collected by the State of Illinois, Office of the State Fire Marshal 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.
- E. Money or negotiable securities or similar assets handled by the State of Illinois, Office of the State Fire Marshal on behalf of the State or held in trust by the State of Illinois, Office of the State Fire Marshal have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, 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 as adopted by the Auditor General pursuant to the Act; and, accordingly, included examining, on a test basis, evidence about the State of Illinois, Office of the State Fire Marshal's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the State of Illinois, Office of the State Fire Marshal's compliance with specified requirements.

In our opinion, the State of Illinois, Office of the State Fire Marshal complied, in all material respects, with the aforementioned requirements during the two years ended June 30, 2004. However, the results of our procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of State findings as findings 04-1, 04-2, 04-4, 04-5, 04-6, 04-7, 04-8 and 04-9.

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

### **Internal Control**

The management of the State of Illinois, Office of the State Fire Marshal is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations. In planning and performing our examination, we considered the State of Illinois, Office of the State Fire Marshal's internal control over compliance with the aforementioned requirements in order to determine our examination procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide, issued by the Illinois Office of the Auditor General.

Our consideration of internal control over compliance with the aforementioned requirements would not necessarily disclose all matters in internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws and regulations that would be material in relation to one or more of the aforementioned requirements being examined may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over compliance that we consider to be material weaknesses. However, the results of our procedures disclosed other matters involving internal control which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of State findings as findings 04-1, 04-2, 04-3, 04-7, 04-8, and 04-9.

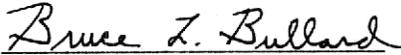
As required by the Audit Guide, immaterial findings relating to internal control deficiencies excluded from this report have been reported in a separate letter.

**Supplementary Information for State Compliance Purposes**

Our examination was conducted for the purpose of forming an opinion on compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information as listed in the table of contents as Supplementary Information for State Compliance Purposes is presented for purposes of additional analysis. We have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the 2003 and 2004 Supplementary Information for State Compliance Purposes, except for information on the Service Efforts and Accomplishments on which we did not perform any procedures. However, we do not express an opinion on the supplementary information.

We have not applied procedures to the 2002 Supplementary Information for State Compliance Purposes, and accordingly, we do not express an opinion thereon.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, and agency management, and is not intended to be and should not be used by anyone other than these specified parties.

  
Bruce L. Bullard, CPA  
Compliance Audit Director

October 29, 2004

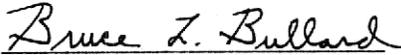
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We have not applied procedures to the 2002 Supplementary Information for State Compliance Purposes, and accordingly, we do not express an opinion thereon.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, and agency management, and is not intended to be and should not be used by anyone other than these specified parties.

  
Bruce L. Bullard, CPA  
Compliance Audit Director

October 29, 2004

04-1. **FINDING** (Efficiency initiative payments)

The Office of the State Fire Marshal (Office) made payments for efficiency initiative billings from improper line item appropriations.

Public Act 93-0025, in part, outlines a program for efficiency initiatives to reorganize, restructure and reengineer the business processes of the State. The State Finance Act details that the amount designated as savings from efficiency initiatives implemented by the Department of Central Management Services (CMS) shall be paid into the Efficiency Initiatives Revolving Fund. "State agencies shall pay these amounts...from the line item appropriations where the cost savings are anticipated to occur." (30 ILCS 105/6p-5)

During FY04, the Office received three billings totaling \$223,756 from CMS for savings from efficiency initiatives. The initiatives and amounts billed to the Office were:

<b>Billing Date</b>	<b>Initiative</b>	<b>Billed Amount</b>
9/19/03	Procurement Efficiency	\$119,055
9/19/03	Vehicle Fleet Management	\$58,384
9/19/03	Information Technology	\$46,317
Total:		\$223,756

The Office did not receive guidance or documentation with the billings from CMS detailing from which line item appropriations savings were anticipated to occur. According to Office staff, they received no documentation or information from CMS detailing the nature and/or type of savings that CMS anticipated. The only guidance received was the amount of payments that should be taken from General Revenue Funds (GRF) versus Other Funds for the September 2003 billings. The Office adjusted the billings since it did not receive any GRF appropriations for FY04.

Based on our review, we question whether the appropriate appropriations, as required by the State Finance Act, were used to pay for the anticipated savings. For example, Vehicle Fleet Management Initiative billings were not paid from the Office's Operation of Auto Equipment appropriation. Similarly, Information Technology Initiative billings were not paid from EDP-related appropriation lines.

Rather, we found that the Office made payments for these billings not from line item appropriations where the cost savings were anticipated to have occurred but from line items that simply had available monies to make payments from. For example, the Office used:

- \$100,000 from a lump sum appropriation of \$450,000 (22 percent) from the Fire Prevention Fund that was "for administrative expenses of the Elevator Safety and Regulation Act." The payment was applied to the Procurement Efficiency Initiative billing.
- \$78,756 from the personal services line item appropriation was used to make payments for the Procurement Efficiency, Information Technology, and Vehicle Fleet

Management initiatives. Office staff reported they used these funds because they could control cutbacks and reduce costs in this line.

The table below provides an illustration of the specific funds and line items the Office used to make payments for the efficiency initiatives. Additionally, the table illustrates which efficiency initiatives were paid from the various line item appropriations.

<b>Fund</b> <sup>1</sup>	<b>Line Item Appropriation</b>	<b>Amount Paid</b>	<b>Total Appropriation for Line Item</b>	<b>Efficiency Initiative</b> <sup>1</sup>
0047	For Personal Services	\$78,756	\$6,240,900	P, IT, V
0047, 0072	For Equipment	\$45,000	\$211,500	V
0047	For Lump-Sum, Operations	\$100,000	\$450,000	P
<sup>1</sup> Legend: <p style="text-align: center;">0047-Fire Prevention Fund; 0072-Underground Storage Tank Fund            P-Procurement; IT-Information Technology; V-Vehicle Fleet Management</p>				

Office officials questioned whether these “savings” amounts had already been deducted when developing its FY04 budget. While Office documentation shows that it requested, from the Governor’s Office of Management and Budget (GOMB), an elimination of these billings because the additional reductions of these billings “will negatively impact the agency’s ability to carry out its public safety mandate and are contrary to the Governor’s objectives for public safety” – the payments were made in early October 2003. GOMB correspondence to the Office indicated that “While we understand the cost allocations to agencies are not perfect, we are asking agencies to pay the amounts they are currently being invoiced in total (even if the agency needs to shift the funds and object codes the amount is paid from).”

Use of appropriations unrelated to the cost savings initiatives results in non-compliance with the State Finance Act. Furthermore, use of appropriations for purposes other than those authorized by the General Assembly effectively negates a fundamental control established in State government. Finally, use of funds unrelated to the savings initiative may result in an adverse effect on services the Office provides.

According to staff from CMS, efficiency initiatives billings will continue into the next fiscal year. (Finding Code No. 04-1)

**RECOMMENDATION**

We recommend that the Office only make payments for efficiency initiative billings from line item appropriations where savings would be anticipated to occur. Further, the Office should seek an explanation from the Department of Central Management Services as to how savings levels were calculated, or otherwise arrived at, and how savings achieved or anticipated impact the Office’s budget.

**OFFICE RESPONSE**

The Office accepts this finding and will work with Central Management Services and the Office of Management and Budget in order to comply with the recommendation. We also understand that the 2% transfer can be used to pay for the efficiency initiative in case a line item is out of funds.

04-2. **FINDING** (Inadequate controls over employees)

The Office of the State Fire Marshal (Office) did not have adequate controls over employees designated to work from their home office or the Office's various locations.

As of June 30, 2004, the Office employed 129 employees. Furthermore, the Office had five divisions with 63 field employees either working from their homes or a field office. These employees consisted of 20 inspectors, 16 investigators, 24 specialists and three administrative staff. During our review of internal controls, we noted the following problems:

- There was no method to determine that employees worked during reported hours;
- There was not sufficient timekeeping documentation for State employees;
- There was no method to track where employees should be at any point in time;
- Office personnel did not perform spot checks on employees;
- The Office did not appear to have adequate oversight over employees assigned to all locations; and
- There was an apparent lack of supervision over field employees.

The Illinois Administrative Code (80 Ill. Adm. Code 303.300 and 303.340) implemented and authorized by the Personnel Code (20 ILCS 415/1 et seq.) states each operating agency shall establish a regular work schedule and maintain accurate, daily attendance records. The State Officials and Employees Ethics Act (5 ILCS 430/5-5) requires "State employees to periodically submit time sheets documenting the time spent each day on official State business." Additionally, good business practice requires adequate supervision and monitoring of employees.

Management stated that the lack of controls was due to changes in Office administration, reorganization of its administrative staff, and existing policies and internal controls not being enforced. In addition, Office management thought their payroll system met the statutory time sheet requirement.

Failure to maintain accurate attendance records and adequate supervision over employees increases the potential that the State is paying for services that have not been performed or that the required functions of the Office are not being fulfilled. (Finding Code No. 04-2)

**RECOMMENDATION**

We recommend the Office of the State Fire Marshal establish and enforce formal administrative controls over its employees, which include employee tracking, timekeeping, and spot checks of all employees.

**OFFICE RESPONSE**

The Office concurs with the finding and is reviewing its policies for purposes of implementing new procedures for field staff and new timesheets for office personnel to comply with the Ethics Act.

04-3. **FINDING** (Inadequate controls over development/changes to computer applications)

The Office of the State Fire Marshal (Office) had not established adequate controls over third party development/changes to computer applications.

The Office's Boiler and Pressure Vessel Accounts Receivable Application and the Storage Tank Registration Application were developed and are maintained by a third party vendor. During fieldwork we noted:

- Documentation did not exist regarding the development of the applications.
- Documentation did not exist relating to the data conversion of the Boiler and Pressure Vessel Accounts Receivable data. Additionally, there were noted inconsistencies of converted data.
- Documentation did not exist of changes made to the applications.

The Office has a statutorily mandated requirement to inspect, track and ensure the safety of all boiler and pressure vessels in the State of Illinois, as well as monitoring the removal or abandonment of underground storage tanks and maintaining the leaking underground storage tank program. To assist in the accomplishment of their statutory mandates, the Office utilizes automated data processing systems. In order to assure quality control and achievement of objectives, good management practices would require that the Office establish standards that would apply to all application system developments or modifications to existing computer systems.

The Office did not have adequate controls over third party vendor developments; however, IT management stated its intentions to develop policies and procedures to guide development/changes to computer applications. Inadequate controls could result in lack of data integrity, lack of documentation, and possible cost overrun. (Finding Code No. 04-3, 02-04)

**RECOMMENDATION**

We recommend the Office develop standards to monitor vendors over the development and maintenance of computer applications. The Office should include clear and thorough contract provisions specifying expected contract deliverables including the provision for adequate system, program, and user documentation be developed for all components under development. Continuous monitoring of compliance with contract provisions should be performed to ensure the contract is being adhered to, and to ensure system development is completed as specified.

**OFFICE RESPONSE**

The Office acknowledges the finding and is reviewing polices of other agencies for the purpose of implementing an internal policy for the development of computer applications.

04-4. **FINDING** (Backlog of boiler and pressure vessel inspections)

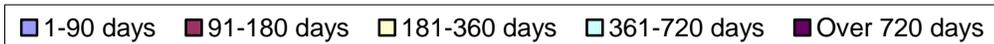
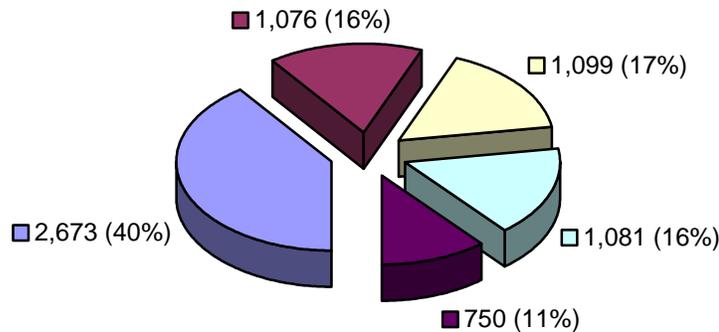
The Office of the State Fire Marshal (Office) had a high number of past due inspections of Boiler and Pressure Vessels for the period under examination.

The Boiler and Pressure Vessel Safety Act (430 ILCS 75/10) requires the Office to thoroughly inspect the construction, installation, condition and operation of boilers and pressure vessels in the State at periodic intervals ranging from annually to once every 3 years. The inspections can be performed by authorized insurance company officials or by trained inspectors of the Office.

Of the 38,726 boilers and pressure vessels required to be inspected by the Office, there was an inspection backlog of 17.2% as of June 30, 2004. In addition, the percentage of past due inspections has been steadily increasing over the past several years, as indicated below:

<u>Date</u>	<u>Number of Past Due Inspections by Office Personnel</u>	<u>Total Boilers and Vessels to be inspected by the Office</u>	<u>Percent Past Due</u>
• June 30, 1999	2,042	34,695	5.9%
• June 30, 2000	3,265	35,453	9.2%
• June 30, 2001	4,162	35,902	11.6%
• June 30, 2002	6,936	47,373	14.6%
• June 30, 2003	7,411	43,765	16.9%
• June 30, 2004	6,679	38,726	17.2%

Furthermore, some of the required inspections are over two years past due. The following chart illustrates the range of days past due for the 6,679 past due inspections as of June 30, 2004:



Management indicated the rising percentage of past due inspections is due to a shortage of inspectors. The Office hired two inspectors during FY04 and plans to hire an additional inspector in FY05 in order to help alleviate the inspection backlog. Management stated that inspectors' workloads have been redistributed; however, no overtime is being performed by the inspectors. The average number of inspections performed for 2004 was 1,426 per inspector. As of June 30, 2004 the Office's Boiler and Pressure Vessel Safety Division had an authorized headcount of 22 employees of which 18 positions were filled. Of the 18 filled positions, 13 were Boiler Inspectors. The following table indicates the number of Boiler and Pressure Vessel Safety inspectors employed by the Office during the past six years:

<u>Date</u>	<u>Number of Inspectors</u>
• June 30, 1999	16
• June 30, 2000	16
• June 30, 2001	16
• June 30, 2002	15
• June 30, 2003	11
• June 30, 2004	13

Failure to perform inspections within the required timeframes is non-compliance with State statute. Additionally, the risk of a potential disaster increases as the number of past due inspections increases. (Finding Code No. 04-4, 02-5)

### **RECOMMENDATION**

We recommend the Office designate appropriate resources to reduce the backlog of inspections.

### **OFFICE RESPONSE**

The Office accepts the finding and is in the process of hiring additional inspectors and has requested to fill all of its vacancies in the FY06 budget request in order to comply with the recommendations.

04-5. **FINDING** (Noncompliance with the Elevator Safety Act)

The Office of the State Fire Marshal (Office) did not enforce the Elevator Installation Act.

The Elevator Installation Act (Act) (430 ILCS 80/1 et seq.) sets forth specific requirements for the installation and operation of all hospital elevators over 55 feet high and elevators over 80 feet high in offices, hotels, factory buildings and residential buildings. The Office estimates that between 20,000 and 25,000 elevators in Illinois meet the criteria of the Act. In addition, the Act requires that “the provisions of this Act shall be enforced by the State Fire Marshal.”

Management stated the Office did not enforce the Act because it believes that the municipalities that issue construction permits already enforce the Act. However, the Office created an Elevator Safety Division in January 2003 to oversee the enforcement of the Act. The division is awaiting approval of its administrative rules and, therefore, has not yet enforced the Act.

Failure to enforce the Act results in noncompliance with State statute. (Finding Code No. 04-5, 02-7)

**RECOMMENDATION**

We recommend the Office ensure the Elevator Installation Act is enforced.

**OFFICE RESPONSE**

The Office acknowledges the finding and the Division of the Elevator Safety will enforce the Act at such time as their administrative rules are approved by the Joint Committee of Administrative Rules and the inspection staff is hired.

04-6. **FINDING** (Chief and Deputy Inspectors did not provide bonds)

The Chief and Deputy Inspectors in the Boiler and Pressure Vessel Safety Division did not obtain bonds of \$5,000 and \$2,000, respectively.

The Chief and Deputy Inspectors are required by the Boiler and Pressure Vessel Safety Act (Act) (430 ILCS 75/14) to furnish a bond conditioned upon the faithful performance of their duties and upon a true account of moneys handled by them and the payment thereof to the proper recipient.

Office management stated that the Act was passed in 1951 when the procedures for handling cash by inspectors were much different than they are now. Office personnel further stated that the inspectors no longer handle cash as part of their duties; therefore, the bond requirement was not deemed necessary. In addition, management stated they have not been successful in getting legislation passed to delete the bonding requirement from statute.

By not requiring that the inspectors provide bonds, the Office is not in compliance with State statute. (Finding Code No. 04-6, 02-8)

**RECOMMENDATION**

We recommend that the Office of the State Fire Marshal ensure that the Chief and Deputy Inspectors provide bonds in the appropriate amounts to comply with the Act or seek legislative remedy for this statutory requirement.

**OFFICE RESPONSE**

The Office accepts the finding and will seek a legislative remedy in order to repeal section 430 ILCS 75/14 of the Boiler Safety Act. Due to the fact that the division personnel do not handle money any longer, there is no need for anyone to be bonded.

04-7. **FINDING** (Inadequate controls over equipment)

The Office of the State Fire Marshal (Office) did not maintain adequate control over the recording and reporting of its equipment. During our testing of equipment, we noted the following:

- Thirty-six of the 112 (32%) equipment items selected for physical observation did not agree to agency inventory records. Fourteen of these items did not have an Office identification tag number affixed to the asset or were not included in the property records. The remaining 22 items totaling \$20,945 were found in locations different than the location specified on the inventory listing.
- Nine of 112 (8%) equipment items selected for testing totaling \$13,523 were included on the Office's property control records but could not be physically located. The nine items included a laptop computer, two scanners, a printer, a transcriber, a telecommunication device for the deaf, a calculator, a paper-folding machine, and a lumbar support chair pad. After reviewing the Office's property, Office personnel indicated that six of the nine items had been found in locations different than the location specified on the inventory listing. Personnel stated they believe that the remaining three items costing \$791 were broken or obsolete and had been disposed of without updating the property records.
- Two of 112 (2%) equipment items selected for testing did not appear to be properly maintained. These items, a 19" monitor costing \$335 and a calculator, appeared obsolete and broken respectively. The cost could not be determined for the calculator due to it not being listed on the inventory records.

The State Property Control Act (30 ILCS 605/4) requires that the Office be accountable for the supervision, control and inventory of all property under its jurisdiction and control. The Illinois Administrative Code (Code) (44 Ill. Adm. Code 5010.210) states that agencies are responsible for marking each piece of State-owned equipment in their possession with a unique identification number. The Code (44 IL Adm. Code 5010.310) further states that all deletions of an item from an agency's property listing must first be approved by the Property Control Division of Central Management Services before the agency can delete the item. The Statewide Accounting Management System (SAMS) procedure 29.10.10 requires that assets that are obsolete, damaged or no longer used in operations be identified and removed from the agency's asset records.

Office personnel stated that items were not properly maintained and recorded on property records due to several changes in its management staff.

Failure to maintain accurate property control records increases the potential for loss or theft of State property. In addition, failure to remove broken or obsolete items from property records overstates the cost of the utilizable property retained by the Office. (Finding Code No. 04-7)

## **RECOMMENDATION**

We recommend the Office strengthen internal controls over equipment. Specifically, personnel should implement appropriate procedures to ensure all property is recorded accurately on the property control records and tagged with an identification number. Personnel should also ensure that a detailed inventory is taken, noting any obsolete or broken items, changes in location, and also ensure all tag numbers are visible and accurate. Finally, the Office should remove obsolete or broken items from its inventory records and dispose of those items appropriately.

## **OFFICE RESPONSE**

The Office acknowledges the finding and has already taken steps to properly identify all equipment and is currently reconciling the inventory with our records.

04-8. **FINDING** (Inaccurate depreciation reporting)

The Office of the State Fire Marshal (Office) incorrectly reported its depreciation of capital assets to the Office of the Comptroller.

During our review of an accounting report submitted to the Office of the State Comptroller (GAAP Capital Asset Summary - SCO-538 form), we noted the FY04 depreciation on capital assets was understated by \$261,000. The Office reported depreciation on capital assets purchased during FY04, but did not report depreciation on existing capital assets. As a result, the ending FY04 capital asset balance was overstated by \$261,000.

The Statewide Accounting Management System (SAMS) Procedure 27.20.38 states that the SCO-538 additions column should include current year depreciation expenses associated with capital assets. SAMS procedure 03.30.30 states that capital assets owned by an agency should be capitalized, specifically those assets valued at \$5,000 or greater.

Office management stated the omission of depreciation on existing capital assets was due to an oversight.

Failure to report accurate capital asset information to the Comptroller affects the accuracy and reliability of statewide financial reporting. (Finding Code No. 04-8)

**RECOMMENDATION**

We recommend the Office follow financial reporting requirements established by the Office of the State Comptroller for the reporting of depreciation.

**OFFICE RESPONSE**

The Office accepts the finding and will do everything possible to implement the recommendation.

04-9. **FINDING** (Inadequate collection and accounting for accounts receivable)

The Office of the State Fire Marshal (Office) did not sufficiently monitor and pursue collections on accounts receivable or timely send billings or post write-offs, payments or adjustments to their accounts receivable system.

Accounts receivable balances as of June 30 were as follows:

	<u>2004</u>	<u>2003</u>
<u>Boiler and Pressure Vessel Safety Inspections</u>		
Total Accounts Receivable	\$ 586,000 (8,098 accounts)	\$ 369,000 (7,532 accounts)
Past Due Accounts Receivable:		
1-180 Days	\$ 96,000	\$ 64,000
Over 180 days	<u>143,000</u> (2,335 accounts)	<u>106,000</u> (2,637 accounts)
Total Past Due Accounts Receivable	\$ 239,000	\$ 170,000
Amount of Allowance for Doubtful Accounts	\$ 143,000	\$ 106,000
<u>Underground Storage Tank Registrations</u>		
Total Accounts Receivable	\$ 17,000 (12 accounts)	\$20,000 (17 accounts)
Past Due Accounts Receivable:		
1-180 Days	\$ 2,000	\$ 4,000
Over 180 days	<u>13,000</u> (8 accounts)	<u>13,000</u> (8 accounts)
Total Past Due Accounts Receivable	\$ 15,000	\$ 17,000
Amount of Allowance for Doubtful Accounts	\$ 13,000	\$ 13,000

We noted the following:

- The formal accounts receivable collection procedures were not adequate to ensure proper collection of fees due to each fund. Office procedures required sending an initial invoice, as well as a second notice 60-90 days later. However, the Office had no formal procedures to further pursue collection on past due accounts receivables. It was noted that there were some receivables that met the Comptroller’s criteria of being over \$1000 and past due for 90 days to be referred to the Comptroller’s offset system; however, no referrals to the offset system were made.

- After February 2003, no invoices were generated in the Underground Storage Tank Division, although eleven new accounts totaling \$8,200 were included in the accounts receivable balance. Office procedures require that invoices be submitted to the owners of underground storage tanks after the Office receives a registration request. A second notice is then sent after 90 days if the account is still outstanding.
- The Office did not timely post write-offs, payments, or adjustments to the accounts receivable system in the Underground Storage Tank Division. Transactions totaling \$7,500 for 5 of the 10 (50%) Underground Storage Tank Division past due accounts were not posted as a write off or an adjustment until 398 to 1,279 days after the transactions occurred.

The Illinois State Collection Act of 1986 (Act) (30 ILCS 210) requires agencies to aggressively pursue the collection of accounts receivable through all reasonable means. The Act and the Statewide Accounting Management System (SAMS) procedures (26.40.10 and 26.40.20) specify the debt collection and write-off provisions for which the Agency is responsible, including referral to the Comptroller's Offset System and outside collection agencies.

Office management stated that the weaknesses noted were primarily due to a shortage of staff.

Failure of the Office to timely bill for inspections, to monitor its accounts receivable on a regular basis, to identify delinquent accounts receivable and maximize collections can result in lost revenues for the State. In addition, the conditions noted increase the likelihood that the Office could be faced with a large uncollectible accounts receivable balance that may have to be written off. (Finding Code No. 04-9, 02-2, 00-1, 98-1, 96-1, 94-2, 92-2, 90-3, 90-9)

### **RECOMMENDATION**

We recommend the Office strengthen procedures to monitor and pursue collections on delinquent accounts receivable. Specifically, the Office should send regular billings for all accounts, refer delinquent accounts to the Comptroller's Offset System and pursue other collection methods. By monitoring the listings of accounts receivable regularly, the agency will be better able to administer proper collection procedures, which should minimize the need for the write off of receivables. We further recommend that the Office maintain accurate accounts receivable records.

### **OFFICE RESPONSE**

The Office acknowledges the finding and accepts the recommendations. In addition, the Office will investigate the use of the Comptroller and/or the Attorney General for collections.

## **PRIOR FINDINGS NOT REPEATED (STATE COMPLIANCE)**

### 04-10. **FINDING** (Lack of controls over Firefighters Memorial Fund distributions)

During the prior year examination, the Office of the State Fire Marshal (Office) did not exercise proper control over the expenditure and monitoring of monies paid from the Firefighters' Memorial Fund. The Office paid out money to the foundation with insufficient documentation.

During the current examination, the Office improved controls over the Firefighters' Memorial Fund expenditures. (Finding Code No. 02-1)

### 04-11. **FINDING** (Untimely and inaccurate GAAP reporting forms)

In the prior year examination, the Office did not file its GAAP reporting forms timely nor did the Office adequately support amounts reported.

During the current examination, the Office filed its forms timely and maintained supporting documentation. (Finding Code No. 02-3)

### 04-12. **FINDING** (Incomplete and untimely written notice of formal charges)

In the prior year examination, the Office failed to send a required notice of formal charges in a timely manner. Also, the agency failed to include all the required information in the notice sent.

During the current examination, the Office did not have any formal charges brought against any licensee licensed under the Fire Equipment Distributor and Employee Regulation Act of 2000. (Finding Code No. 02-6)

STATE OF ILLINOIS  
OFFICE OF THE STATE FIRE MARSHAL  
**CURRENT STATUS OF PARTIALLY IMPLEMENTED ITEMS –  
MANAGEMENT AUDIT**  
For the Two Years Ended June 30, 2004

**PRIOR FINDINGS** (Management Audit of the State Fire Marshal's Fire Investigations)

The Office of the State Fire Marshal (Office) has fully implemented five and partially implemented the remaining two recommendations contained in the OAG's *Management Audit of the State Fire Marshal's Fire Investigations*, released in June 1999. The management audit examined the timeliness of the Fire Marshal investigations, policy or protocol statements, and overtime compensation. The management audit was conducted pursuant to House Resolution Number 486.

The following discusses the status of the three recommendations from the 1999 management audit, which were not fully implemented during the prior audit period. Actions taken by the Office to implement the recommendations are also described below.

- 1. The Fire Marshal should review the method of assigning cases to reduce the disparity in arson investigators' caseloads and should document all requests for arson investigators. (Management Audit Recommendation Number 2)**

*Partially Implemented:* Office management stated they continued to assign investigation teams to arson cases when needed during the current examination period. In addition, management stated a case log has been maintained since 2003, which detailed each fire call received and the investigator(s), assigned to each call.

However, the disparity in arson investigators' caseloads has increased since fiscal year 1999, when caseloads ranged from 10 to 94 cases per investigator. Caseloads ranged from 15 to 118 cases during calendar year 2002 and between 3 to 178 cases in calendar year 2003. The average number of investigations per investigator for calendar year 2003 was 68 compared to 57 in calendar year 2002.

Management stated that the hiring of more investigators would help reduce the disparity in caseloads.

- 2. The Office of the State Fire Marshal should inform all local fire departments to submit data required by the Fire Investigation Act (425 ILCS 25/6) and should monitor to ensure that complete data is submitted in a timely manner. (Management Audit Recommendation Number 6)**

*Partially Implemented:* Office management stated they have notified the fire departments of their reporting responsibilities. Furthermore, the Office has started using the Fire Truck Revolving Loan Program as an enforcement tool. The Office ensures the receipt of reports before issuing loans to the requesting

fire department. Overall, even though the Office has been receiving reports, the reports are not always timely and the Office does not monitor to ensure that all reports are complete.

- 3. The Office of the State Fire Marshal should conduct a review to determine if there is a need for continuing education requirements for investigators who want to maintain their fire or arson investigation certification. (Management Audit Recommendation Number 7)**

*Implemented:* The Office has completed the establishment of recertification requirements and is waiting for the approval of the Joint Committee on Administrative Rules (JCAR).

### **RECOMMENDATION**

The Office of the State Fire Marshal should continue its efforts to implement recommendations contained in the 1999 OAG management audit of fire investigations. Specifically, we recommend:

1. The Office should review the data collected on requests for arson investigators and review the caseloads of individual investigators, then reconsider the method of assigning cases to reduce the disparity in arson investigators' caseloads. Such considerations may include changing geographical regions to which arson investigators are assigned, assigning multiple investigators to regions with higher caseloads, or identifying other solutions to reduce the disparity in caseloads.
2. The Office should routinely monitor fire data reported by local fire departments to ensure that data is complete and timely reported. In addition, the Office should follow up when data is not reported or significant variances in historical data are noted. Furthermore, the Office should document its efforts to monitor and follow up on fire data reported.

### **OFFICE RESPONSE**

1. The Office acknowledges the finding and is investigating other options to assign cases and is attempting to secure additional headcount to employ additional investigators.
2. The Office acknowledges the finding and has already notified the fire departments of their reporting requirements. The Office is investigating other means to secure compliance.

## **SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES**

### **SUMMARY**

Supplementary Information for State Compliance Purposes presented in this section of the report includes the following:

- Fiscal Schedules and Analysis:

- Schedule of Expenditures of Federal Awards
- Notes to the Schedule of Expenditures of Federal Awards
- Schedule of Appropriations, Expenditures and Lapsed Balances
- Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
- Schedule of Efficiency Initiative Payments
- Schedule of Changes in State Property
- Comparative Schedule of Cash Receipts
- Reconciliation Schedule of Cash Receipts to Deposits Remitted to the State Comptroller
- Analysis of Significant Variations in Expenditures
- Analysis of Significant Variations in Receipts
- Analysis of Significant Lapse Period Spending
- Analysis of Accounts Receivable

- Analysis of Operations:

- Agency Functions and Planning Program
- Average Number of Employees
- Service Efforts and Accomplishments (Not Examined)

The auditors' report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states the auditors have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the 2003 and the 2004 Supplementary Information for State Compliance Purposes, except for information on Service Efforts and Accomplishments on which they did not perform any procedures. However, the auditors do not express an opinion on the supplementary information.

We have not applied procedures to the 2002 Supplementary Information for State Compliance Purposes, and accordingly, we do not express an opinion thereon.

STATE OF ILLINOIS  
OFFICE OF THE STATE FIRE MARSHAL  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Fiscal Year Ended June 30,

<b>Federal Awards/Program Title</b>	<b>CFDA Number</b>	<b>Expenditures</b>	
		<b>2004</b>	<b>2003</b>
U.S. Environmental Protection Agency Grant: Underground Storage Tank Program	66.804	\$ 42,000	\$ 72,000

Note: The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ILLINOIS  
OFFICE OF THE STATE FIRE MARSHAL  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Two Fiscal Years Ended June 30, 2004

**1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity for the Underground Storage Tank Program of the State of Illinois, Office of the State Fire Marshal (Office) and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations."

**2. Description of Grant Program**

The following is a brief description of the grant program included in the Schedule of Expenditures of Federal Awards:

Underground Storage Tank Program CFDA # 66.804

The Office received a grant from the U.S. Environmental Protection Agency under Subtitle I of the Resource Conservation and Recovery Act for the purpose of implementation of the Underground Storage Tank Program in Illinois.

**3. Subrecipients**

The Office receives all of its federal assistance directly from the U.S. Environmental Protection Agency and does not provide any awards to subrecipients.

**4. Noncash Assistance**

The Office does not receive any noncash assistance.

STATE OF ILLINOIS  
OFFICE OF THE STATE FIRE MARSHAL  
**SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES**  
For The Fiscal Year Ended June 30, 2004

P.A. 93-65 FISCAL YEAR 2004	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	Balances Lapsed August 31
<b>Fund 001-General Revenue</b>					
<b>Division 01</b>					
Arson Investigators	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Fire Protection Plan for Illinois Schools	0	0	0	0	0
Homeland Security	0	0	0	0	0
Training Costs for Homeland Security	0	0	0	0	0
<b>Total Fund 001</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Fund 047-Fire Prevention</b>					
<b>Division 01</b>					
Personal Services	\$ 6,240,900	\$ 5,032,510	\$ 257,480	\$ 5,289,990	\$ 950,910
Employee Retirement					
Contributions Paid by Employer	265,300	132,698	14,856	147,554	117,746
State Contribution to State	0				
Employees' Retirement System	838,700	664,899	34,548	699,447	139,253
State Contributions to Social Security	415,100	319,281	15,899	335,180	79,920
Group Insurance	1,232,000	956,623	42,353	998,976	233,024
Contractual Services	495,050	414,568	10,507	425,075	69,975
Travel	120,000	66,891	7,143	74,034	45,966
Commodities	62,941	36,203	19,306	55,509	7,432
Printing	40,900	30,919	0	30,919	9,981
Equipment	140,000	79,385	12,378	91,763	48,237
Electronic Data Processing	205,000	93,559	17,499	111,058	93,942
Telecommunications	170,500	150,177	13,713	163,890	6,610
Operation of Automotive Equipment	195,000	125,636	14,238	139,874	55,126
Refunds	4,000	2,335	0	2,335	1,665
Fire Prevention Training	43,850	23,749	715	24,464	19,386
Life Safety Code Inspection Program	0	0	0	0	0
Fire Prevention Awareness Program	80,000	69,333	6,291	75,624	4,376
Arson Education & Seminars	20,074	18,612	1,450	20,062	12
Development of New Fire Districts	2,000	500	0	500	1,500
Elevator Safety and Regulation Act	450,000	197,578	12,658	210,236	239,764

Note: Appropriations, expenditures, and lapsed balances were obtained from records of the State Comptroller and have been reconciled to Agency records.

STATE OF ILLINOIS  
OFFICE OF THE STATE FIRE MARSHAL  
**SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES**  
For The Fiscal Year Ended June 30, 2004

P.A. 93-65  FISCAL YEAR 2004	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	Balances Lapsed August 31
<b>Fund 047-Fire Prevention (Continued)</b>					
<b>Division 16</b>					
Chicago Fire Department Training Program	\$ 1,397,100	\$ 1,397,100	\$ 0	\$ 1,397,100	\$ 0
<b>Division 20</b>					
Participants in the State Training Programs	\$ 350,000	\$ 350,000	\$ 0	\$ 350,000	\$ 0
Regional Training Grants	150,000	91,040	58,960	150,000	0
Total Fund 047	<u>\$ 12,918,415</u>	<u>\$ 10,253,596</u>	<u>\$ 539,994</u>	<u>\$ 10,793,590</u>	<u>\$ 2,124,825</u>
<b>Fund 072-Underground Storage Tank</b>					
<b>Division 01</b>					
Personal Services	\$ 1,299,200	\$ 942,083	\$ 44,309	\$ 986,392	\$ 312,808
Employee Retirement					
Contributions Paid by Employer	52,000	26,261	1,328	27,589	24,411
State Contribution to State					
Employees' Retirement System	174,600	127,352	5,831	133,183	41,417
State Contributions to Social Security	99,400	70,435	3,305	73,740	25,660
Group Insurance	297,000	193,486	8,090	201,576	95,424
Contractual Services	201,364	201,353	0	201,353	11
Travel	24,500	7,213	1,709	8,922	15,578
Commodities	8,000	4,303	822	5,125	2,875
Printing	2,600	2,148	0	2,148	452
Equipment	71,500	21,486	0	21,486	50,014
Electronic Data Processing	90,000	23,529	4,374	27,903	62,097
Telecommunications	34,200	27,295	2,559	29,854	4,346
Operation of Automotive Equipment	40,000	28,533	4,363	32,896	7,104
Refunds	50,000	5,208	0	5,208	44,792
Leaking Underground Storage Program	0	0	0	0	0
Certification of Underground Storage Tanks	0	0	0	0	0
<b>Division 20</b>					
State's Underground Storage Program	\$ 550,000	\$ 550,000	\$ 0	\$ 550,000	\$ 0
Total Fund 072	<u>\$ 2,994,364</u>	<u>\$ 2,230,685</u>	<u>\$ 76,690</u>	<u>\$ 2,307,375</u>	<u>\$ 686,989</u>

Note: Appropriations, expenditures, and lapsed balances were obtained from records of the State Comptroller and have been reconciled to Agency records.

STATE OF ILLINOIS  
OFFICE OF THE STATE FIRE MARSHAL  
**SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES**  
For The Fiscal Year Ended June 30, 2004

P.A. 93-65 FISCAL YEAR 2004	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	Balances Lapsed August 31
<b>Fund 114-Emergency Response Reimbursement</b>					
<b>Division 01</b>					
Hazardous Material Emergency Response Reimbursement	\$ 5,000	\$ 0	\$ 0	\$ 0	\$ 5,000
Total Fund 114	<u>\$ 5,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,000</u>
<b>Fund 510-Illinois Firefighters' Memorial</b>					
<b>Division 01</b>					
Firefighters' Memorial	\$ 185,000	\$ 2,624	\$ 21,848	\$ 24,472	\$ 160,528
Total Fund 510	<u>\$ 185,000</u>	<u>\$ 2,624</u>	<u>\$ 21,848</u>	<u>\$ 24,472</u>	<u>\$ 160,528</u>
<b>Fund 580-Fire Prevention Division</b>					
<b>Division 01</b>					
U.S. Resource Conservation and Recovery Act Underground Storage Program	\$ 186,000	\$ 110,852	\$ 3,543	\$ 114,395	\$ 71,605
Total Fund 580	<u>\$ 186,000</u>	<u>\$ 110,852</u>	<u>\$ 3,543</u>	<u>\$ 114,395</u>	<u>\$ 71,605</u>
<b>Total Fiscal Year 2004</b>	<u>\$ 16,288,779</u>	<u>\$ 12,597,757</u>	<u>\$ 642,075</u>	<u>\$ 13,239,832</u>	<u>\$ 3,048,947</u>

Note: Appropriations, expenditures, and lapsed balances were obtained from records of the State Comptroller and have been reconciled to Agency records.

STATE OF ILLINOIS  
OFFICE OF THE STATE FIRE MARSHAL  
**SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES**  
For The Fiscal Year Ended June 30, 2003

P.A. 92-0538  FISCAL YEAR 2003	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	Balances Lapsed August 31
<b>Fund 001-General Revenue</b>					
<b>Division 01</b>					
Arson Investigators	\$ 211,600	\$ 116,451	\$ 13,185	\$ 129,636	\$ 81,964
Fire Protection Plan for Illinois Schools	100,000	32,950	1,600	34,550	65,450
Homeland Security	604,339	481,600	26,880	508,480	95,859
Training Costs for Homeland Security	1,670,259	1,640,941	4,318	1,645,259	25,000
<b>Total Fund 001</b>	<b>\$ 2,586,198</b>	<b>\$ 2,271,942</b>	<b>\$ 45,983</b>	<b>\$ 2,317,925</b>	<b>\$ 268,273</b>
<b>Fund 047-Fire Prevention</b>					
<b>Division 01</b>					
Personal Services	\$ 6,712,400	\$ 5,868,562	\$ 298,081	\$ 6,166,643	\$ 545,757
Employee Retirement					
Contributions Paid by Employer	284,200	219,059	11,948	231,007	53,193
State Contribution to State					
Employees' Retirement System	711,600	606,737	30,810	637,547	74,053
State Contributions to Social Security	436,400	364,559	14,753	379,312	57,088
Group Insurance	1,153,200	935,298	35,968	971,266	181,934
Contractual Services	701,400	559,784	27,171	586,955	114,445
Travel	130,000	80,070	5,679	85,749	44,251
Commodities	64,500	47,571	643	48,214	16,286
Printing	40,900	36,309	4,591	40,900	0
Equipment	180,000	173,127	0	173,127	6,873
Electronic Data Processing	353,000	114,779	134,752	249,531	103,469
Telecommunications	200,500	166,499	33,972	200,471	29
Operation of Automotive Equipment	210,000	158,177	14,539	172,716	37,284
Refunds	4,000	1,906	240	2,146	1,854
Fire Prevention Training	75,000	27,762	6,445	34,207	40,793
Life Safety Code Inspection Program	50,000	11,508	6,480	17,988	32,012
Fire Prevention Awareness Program	100,000	87,826	10,777	98,603	1,397
Arson Education & Seminars	30,000	15,697	3,304	19,001	10,999
Development of New Fire Districts	2,000	0	0	0	2,000

Note: Appropriations, expenditures, and lapsed balances were obtained from records of the State Comptroller and have been reconciled to Agency records.

STATE OF ILLINOIS  
OFFICE OF THE STATE FIRE MARSHAL  
**SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES**  
For The Fiscal Year Ended June 30, 2003

P.A. 92-0538  FISCAL YEAR 2003	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	Balances Lapsed August 31
<b>Fund 047-Fire Prevention (Continued)</b>					
<b>Division 16</b>					
Chicago Fire Department Training Program	\$ 1,223,400	\$ 1,223,400	\$ 0	\$ 1,223,400	\$ 0
<b>Division 20</b>					
Participants in the State Training Programs	\$ 350,000	\$ 350,000	\$ 0	\$ 350,000	\$ 0
Regional Training Grants	300,000	161,577	138,423	300,000	0
Total Fund 047	<u>\$ 13,312,500</u>	<u>\$ 11,210,207</u>	<u>\$ 778,576</u>	<u>\$ 11,988,783</u>	<u>\$ 1,323,717</u>
<b>Fund 072-Underground Storage Tank</b>					
<b>Division 01</b>					
Personal Services	\$ 1,414,200	\$ 1,303,688	\$ 0	\$ 1,303,688	\$ 110,512
Employee Retirement					
Contributions Paid by Employer	56,600	50,038	0	50,038	6,562
State Contribution to State					
Employees' Retirement System	149,900	134,670	90	134,760	15,140
State Contributions to Social Security	108,200	97,530	0	97,530	10,670
Group Insurance	288,300	212,152	0	212,152	76,148
Contractual Services	235,300	217,346	10,519	227,865	7,435
Travel	24,500	23,046	355	23,401	1,099
Commodities	8,300	4,407	0	4,407	3,893
Printing	2,600	1,260	1,308	2,568	32
Equipment	96,500	87,324	0	87,324	9,176
Electronic Data Processing	222,700	142,712	17,731	160,443	62,257
Telecommunications	34,200	30,327	3,093	33,420	780
Operation of Automotive Equipment	55,000	33,982	5,559	39,541	15,459
Refunds	121,500	6,700	0	6,700	114,800
Leaking Underground Storage Program	100,000	44,934	1,310	46,244	53,756
Certification of Underground Storage Tanks	200,000	96,735	3,966	100,701	99,299
<b>Division 20</b>					
State's Underground Storage Program	\$ 550,000	\$ 550,000	\$ 0	\$ 550,000	\$ 0
Total Fund 072	<u>\$ 3,667,800</u>	<u>\$ 3,036,851</u>	<u>\$ 43,931</u>	<u>\$ 3,080,782</u>	<u>\$ 587,018</u>

Note: Appropriations, expenditures, and lapsed balances were obtained from records of the State Comptroller and have been reconciled to Agency records.

STATE OF ILLINOIS  
OFFICE OF THE STATE FIRE MARSHAL  
**SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES**  
For The Fiscal Year Ended June 30, 2003

P.A. 92-0538  FISCAL YEAR 2003	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	Balances Lapsed August 31
<b>Fund 114-Emergency Response Reimbursement</b>					
<b>Division 01</b>					
Hazardous Material Emergency Response Reimbursement					
	\$ 25,000	\$ 0	\$ 0	\$ 0	\$ 25,000
Total Fund 114	<u>\$ 25,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 25,000</u>
<b>Fund 510-Illinois Firefighters' Memorial</b>					
<b>Division 01</b>					
Firefighters' Memorial					
	\$ 200,000	\$ 33,350	\$ 290	\$ 33,640	\$ 166,360
Total Fund 510	<u>\$ 200,000</u>	<u>\$ 33,350</u>	<u>\$ 290</u>	<u>\$ 33,640</u>	<u>\$ 166,360</u>
<b>Fund 580-Fire Prevention Division</b>					
<b>Division 01</b>					
U.S. Resource Conservation and Recovery Act Underground Storage Program					
	\$ 186,000	\$ 0	\$ 72,220	\$ 72,220	\$ 113,780
Total Fund 580	<u>\$ 186,000</u>	<u>\$ 0</u>	<u>\$ 72,220</u>	<u>\$ 72,220</u>	<u>\$ 113,780</u>
<b>Total Fiscal Year 2003</b>	<u>\$ 19,977,498</u>	<u>\$ 16,552,350</u>	<u>\$ 941,000</u>	<u>\$ 17,493,350</u>	<u>\$ 2,484,148</u>

Note: Appropriations, expenditures, and lapsed balances were obtained from records of the State Comptroller and have been reconciled to Agency records.

STATE OF ILLINOIS  
OFFICE OF THE STATE FIRE MARSHAL  
**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES**  
For the Fiscal Years Ended June 30,

	Fiscal Year		
	2004	2003	2002
	P.A. 93-65	P.A. 92-0538	P.A. 92-0008
<b>Fund 001-General Revenue</b>			
Appropriations	\$ 0	\$ 2,586,198	\$ 3,020,000
(Net of Transfers)			
<u>Expenditures</u>			
<b>Division 01</b>			
Arson Investigators	\$ 0	\$ 129,636	\$ 34,184
Fire Protection Plan for Illinois Schools	0	34,550	95,661
Homeland Security	0	508,480	329,741
Training Costs for Homeland Security	0	1,645,259	70,883
Total Expenditures	\$ 0	\$ 2,317,925	\$ 530,469
Lapsed Balances	\$ 0	\$ 268,273	\$ 2,489,531
<b>Fund 047-Fire Prevention</b>			
Appropriations			
(Net of Transfers)	\$ 12,918,415	\$ 13,312,500	\$ 12,722,700
<u>Expenditures</u>			
<b>Division 01</b>			
Personal Services	\$ 5,289,990	\$ 6,166,643	\$ 6,159,568
Employee Retirement			
Contributions Paid by Employer	147,554	231,007	259,616
State Contribution to State			
Employees' Retirement System	699,447	637,547	619,225
State Contributions to Social Security	335,180	379,312	392,976
Group Insurance	998,976	971,266	1,081,797
Contractual Services	425,075	586,955	649,804
Travel	74,034	85,749	91,800
Commodities	55,509	48,214	62,144
Printing	30,919	40,900	40,814
Equipment	91,763	173,127	171,572
Electronic Data Processing	111,058	249,531	265,597
Telecommunications	163,890	200,471	196,769
Operation of Automotive Equipment	139,874	172,716	183,383
Refunds	2,335	2,146	3,592
Fire Prevention Training	24,464	34,207	72,728
Life Safety Code Inspection Program	0	17,988	14,848
Fire Prevention Awareness Program	75,624	98,603	90,416
Arson Education & Seminars	20,062	19,001	19,380
Development of New Fire Districts	500	0	0
Elevator Safety and Regulation Act	210,236	0	0

STATE OF ILLINOIS  
OFFICE OF THE STATE FIRE MARSHAL  
**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES**  
For the Fiscal Years Ended June 30,

	Fiscal Year		
	2004	2003	2002
	P.A. 93-65	P.A. 92-0538	P.A. 92-0008
<b>Fund 047-Fire Prevention (cont.)</b>			
<u>Expenditures</u>			
<b>Division 16</b>			
Chicago Fire Department Training Program	\$ 1,397,100	\$ 1,223,400	\$ 1,176,500
<b>Division 20</b>			
Participants in the State Training Programs	\$ 350,000	\$ 350,000	\$ 350,000
Regional Training Grants	150,000	300,000	300,000
Total Expenditures	<u>\$ 10,793,590</u>	<u>\$ 11,988,783</u>	<u>\$ 12,202,529</u>
Lapsed Balances	<u>\$ 2,124,825</u>	<u>\$ 1,323,717</u>	<u>\$ 520,171</u>
<b>Fund 072-Underground Storage Tank</b>			
Appropriations			
(Net of Transfers)	<u>\$ 2,994,364</u>	<u>\$ 3,667,800</u>	<u>\$ 4,085,000</u>
<u>Expenditures</u>			
<b>Division 01</b>			
Personal Services	\$ 986,392	\$ 1,303,688	\$ 1,238,139
Employee Retirement			
Contributions Paid by Employer	27,589	50,038	49,499
State Contribution to State			
Employees' Retirement System	133,183	134,760	126,130
State Contributions to Social Security	73,740	97,530	93,793
Group Insurance	201,576	212,152	209,492
Contractual Services	201,353	227,865	154,817
Travel	8,922	23,401	22,153
Commodities	5,125	4,407	5,661
Printing	2,148	2,568	2,407
Equipment	21,486	87,324	94,487
Electronic Data Processing	27,903	160,443	208,915
Telecommunications	29,854	33,420	34,801
Operation of Automotive Equipment	32,896	39,541	39,434
Refunds	5,208	6,700	12,000
Leaking Underground Storage Program	0	46,244	0
Certification of Underground Storage Tanks	0	100,701	116,774
<b>Division 20</b>			
State's Underground Storage Program	<u>\$ 550,000</u>	<u>\$ 550,000</u>	<u>\$ 550,000</u>
Total Expenditures	<u>\$ 2,307,375</u>	<u>\$ 3,080,782</u>	<u>\$ 2,958,502</u>
Lapsed Balances	<u>\$ 686,989</u>	<u>\$ 587,018</u>	<u>\$ 1,126,498</u>

STATE OF ILLINOIS  
OFFICE OF THE STATE FIRE MARSHAL  
**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES**  
For the Fiscal Years Ended June 30,

	Fiscal Year		
	2004	2003	2002
	P.A. 93-65	P.A. 92-0538	P.A. 92-0008
<b>Fund 114-Emergency Response Reimbursement</b>			
Appropriations			
(Net of Transfers)	\$ 5,000	\$ 25,000	\$ 25,000
<u>Expenditures</u>			
<b>Division 01</b>			
Hazardous Material Emergency Response			
Reimbursement	\$ 0	\$ 0	\$ 0
Total Expenditures	\$ 0	\$ 0	\$ 0
Lapsed Balances	<u>\$ 5,000</u>	<u>\$ 25,000</u>	<u>\$ 25,000</u>
<b>Fund 510-Illinois Firefighters' Memorial</b>			
Appropriations			
(Net of Transfers)	\$ 185,000	\$ 200,000	\$ 175,000
<u>Expenditures</u>			
<b>Division 01</b>			
Firefighters' Memorial	\$ 24,472	\$ 33,640	\$ 153,270
Total Expenditures	\$ 24,472	\$ 33,640	\$ 153,270
Lapsed Balances	<u>\$ 160,528</u>	<u>\$ 166,360</u>	<u>\$ 21,730</u>
<b>Fund 580-Fire Prevention Division</b>			
Appropriations			
(Net of Transfers)	\$ 186,000	\$ 186,000	\$ 186,000
<u>Expenditures</u>			
<b>Division 01</b>			
U.S. Resource Conservation and Recovery			
Act Underground Storage Program	\$ 114,395	\$ 72,220	\$ 186,000
Total Expenditures	\$ 114,395	\$ 72,220	\$ 186,000
Lapsed Balances	<u>\$ 71,605</u>	<u>\$ 113,780</u>	<u>\$ 0</u>

STATE OF ILLINOIS  
OFFICE OF THE STATE FIRE MARSHAL  
**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES**  
For the Fiscal Years Ended June 30,

	Fiscal Year		
	2004	2003	2002
	P.A. 93-65	P.A. 92-0538	P.A. 92-0008
<b>Fund 611-Illinois Future</b>			
Appropriations			
(Net of Transfers)	\$ 0	\$ 0	\$ 590,000
<u>Expenditures</u>			
<b>Division 01</b>			
Granite City	\$ 0	\$ 0	\$ 40,000
Public Safety Infrastructure	0	0	550,000
Total Expenditures	\$ 0	\$ 0	\$ 590,000
Lapsed Balances	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Grand Total, All Funds</b>			
Appropriations			
(Net of Transfers)	\$ 16,288,779	\$ 19,977,498	\$ 20,803,700
Total Expenditures	\$ 13,239,832	\$ 17,493,350	\$ 16,620,770
Lapsed Balances	<u>\$ 3,048,947</u>	<u>\$ 2,484,148</u>	<u>\$ 4,182,930</u>
<b>Salaries from the Comptroller's Executive Salary Appropriation</b>			
For the State Fire Marshal	\$ 98,241	\$ 98,135	\$ 98,135
Total Expenditures from Comptroller's Executive Salaries Appropriation	<u>\$ 98,241</u>	<u>\$ 98,135</u>	<u>\$ 98,135</u>

STATE OF ILLINOIS  
OFFICE OF THE STATE FIRE MARSHAL  
**SCHEDULE OF EFFICIENCY INITIATIVE PAYMENTS**  
For the Fiscal Year Ended June 30, 2004

<b><u>Procurement Efficiency Initiative</u></b>	<b><u>Amount</u></b>
Fire Prevention Fund-047	
Personal Services	\$ 19,055
Elevator Safety Lump Sum	100,000
Sub-Total	<u>119,055</u>

<b><u>Information Technology Initiatives</u></b>	
Fire Prevention Fund-047	
Personal Services	\$ 46,317
Sub-Total	<u>46,317</u>

<b><u>Vehicle Fleet Initiatives</u></b>	
Fire Prevention Fund-047	
Personal Services	\$ 13,384
Equipment	27,000
Underground Storage Tank Fund-072	
Equipment	18,000
Sub-Total	<u>58,384</u>
Grand Total	<u><u>\$ 223,756</u></u>

Note: This schedule includes only those payments made pursuant to 30 ILCS 105/6p-5. Amounts were obtained from the Agency and reconciled to information from the Office of the Comptroller.

STATE OF ILLINOIS  
OFFICE OF THE STATE FIRE MARSHAL  
**SCHEDULE OF CHANGES IN STATE PROPERTY**  
For the Two Years Ended June 30, 2004

		<u>Equipment</u>
Balance at July 1, 2002	\$	3,504,262
Additions		979,750
Deletions		(109,584)
Net Transfers		<u>(365,176)</u>
Balance at June 30, 2003	\$	<u><u>4,009,252</u></u>
Balance at July 1, 2003	\$	4,009,252
Additions		166,783
Deletions		(223,355)
Net Transfers		<u>(84,210)</u>
Balance at June 30, 2004	\$	<u><u>3,868,470</u></u>

Note: The above schedule has been derived from Agency records which have been reconciled to property reports submitted to the Office of the Comptroller.

STATE OF ILLINOIS  
OFFICE OF THE STATE FIRE MARSHAL  
**COMPARATIVE SCHEDULE OF CASH RECEIPTS**  
For the Fiscal Years Ended June 30,

<b><u>General Revenue Fund - Fund 001</u></b>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Boiler Receipts	\$ 898,908	\$ 0	\$ 0
Total General Revenue Fund	<u>\$ 898,908</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b><u>Fire Prevention Fund - Fund 047</u></b>			
Underground Storage Tank Permit Fees	\$ 535,150	\$ 230,500	\$ 375,400
Boiler Receipts	2,027,829	2,188,296	1,608,842
Subpoena & Miscellaneous Fees	33,420	38,108	41,546
Inspection Fees	0	29,950	23,200
Fuel Hauler Fees	20,850	21,900	24,300
Fire Equipment Fees	84,990	84,120	81,660
Public Health	4,350	0	0
Reimbursement/Jury Duty & Recoveries	2,754	2,699	0
Refunds	1,316	210	79
Total Fire Prevention Fund	<u>\$ 2,710,659</u>	<u>\$ 2,595,783</u>	<u>\$ 2,155,027</u>
<b><u>Underground Storage Tank Fund - Fund 072</u></b>			
Tank Registration	\$ 73,200	\$ 113,600	\$ 143,200
Subpoena Fees	125	39	90
Fines & Penalties	22,900	15,500	22,625
Reimbursement/Jury Duty & Recoveries	616	0	0
Refunds	2,181	0	0
Total Underground Storage Tank Fund	<u>\$ 99,022</u>	<u>\$ 129,139</u>	<u>\$ 165,915</u>
<b><u>Fire Prevention Division Fund - Fund 580</u></b>			
Environmental Protection Agency Grant	\$ 0	\$ 186,000	\$ 186,000
Total Fire Prevention Division Fund	<u>\$ 0</u>	<u>\$ 186,000</u>	<u>\$ 186,000</u>
Grand Total All Funds	<u>\$ 3,708,589</u>	<u>\$ 2,910,922</u>	<u>\$ 2,506,942</u>

STATE OF ILLINOIS  
OFFICE OF THE STATE FIRE MARSHAL  
**RECONCILIATION SCHEDULE OF CASH RECEIPTS  
TO DEPOSITS REMITTED TO THE STATE COMPTROLLER**  
For the Fiscal Years Ended June 30,

<b><u>General Revenue (001)</u></b>	<u>2004</u>	<u>2003</u>
Receipts per Department Records	\$ 898,908	\$ 0
Deposits Recorded by the Comptroller	<u>\$ 898,908</u>	<u>\$ 0</u>
<b><u>Fire Prevention (047)</u></b>		
Receipts per Department Records	\$ 2,710,659	\$ 2,595,783
Add: Deposits in Transit, Beginning of Year	109,070	39,705
Add: Agency Adjustment for Beginning Deposits in Transit	0	5,010
Less: Deposits in Transit, End of Year	<u>(163,787)</u>	<u>(109,070)</u>
Deposits Recorded by the Comptroller	<u>\$ 2,655,942</u>	<u>\$ 2,531,428</u>
<b><u>Underground Storage Tank (072)</u></b>		
Receipts per Department Records	\$ 99,022	\$ 129,139
Add: Deposits in Transit, Beginning of Year	1,900	3,900
Less: Deposits in Transit, End of Year	<u>(3,500)</u>	<u>(1,900)</u>
Deposits Recorded by the Comptroller	<u>\$ 97,422</u>	<u>\$ 131,139</u>
<b><u>Fire Prevention Division Fund (580)</u></b>		
Environmental Protection Agency Grant	<u>\$ 0</u>	<u>\$ 186,000</u>
Deposits Recorded by the Comptroller	<u>\$ 0</u>	<u>\$ 186,000</u>

STATE OF ILLINOIS  
OFFICE OF THE STATE FIRE MARSHAL  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES**  
For the Two Years Ended June 30, 2004

Significant variances in expenditures were determined to be changes of \$5,000 and at least 20% between fiscal years, and are explained below.

**SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2003 AND 2004**

**General Revenue Fund - 001**  
**Division 01**

Arson Investigators – Expenditures decreased as operating expenses for arson investigators were no longer paid from the General Revenue Fund beginning in fiscal year 2004.

Fire Protection Plan for Illinois Schools – Fire Protection Plan for Illinois Schools expenditures decreased due to this program ending in fiscal year 2004 due to a lack of funding.

Homeland Security – Homeland Security expenditures decreased due to the Office not incurring any expenses for radios, computers, generators, and other costs associated with homeland security during fiscal year 2004.

Training Costs for Homeland Security – Expenditures decreased due to the Office not incurring any expenses for Homeland Security training during fiscal year 2004.

**Fire Prevention Fund - 047**  
**Division 01**

Employee Retirement Contributions Paid by Employer – Employee retirement contributions paid by employer decreased due to the Governor terminating pension pickup by the State for non-union employees during fiscal year 2004.

Contractual Services – Contractual services expenditures decreased due to facilities management transferring to CMS, which meant that the Office now did not pay their own rent, utilities, and other related facility costs during fiscal year 2004.

Printing – Printing expenditures decreased due to various fiscal year 2003 printing jobs not being repeated during fiscal year 2004 and the printing of the Annual Report was done at a lower cost during fiscal year 2004.

Equipment – Equipment expenditures decreased due to the Office's administration having imposed spending reserves and spending controls during fiscal year 2004.

STATE OF ILLINOIS  
OFFICE OF THE STATE FIRE MARSHAL  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES**  
For the Two Years Ended June 30, 2004

**SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2003 AND 2004 (CONTINUED)**

**Fire Prevention Fund – 047 (Cont.)**  
**Division 01 (cont.)**

Electronic Data Processing – Electronic data processing expenditures decreased due to the Office’s administration having imposed spending reserves and controls during fiscal year 2004.

Fire Prevention Training – Fire prevention training expenditures decreased due to the Office’s administration having imposed spending reserves and spending controls during fiscal year 2004

Life Safety Code Inspection Program – Life Safety Code Inspection Program expenditures decreased due to this program ending during fiscal year 2003.

Fire Prevention Awareness Program – Fire prevention awareness program expenditures decreased due to administration having imposed spending reserves and spending controls during fiscal year 2004.

Elevator Safety and Regulation Act – Expenditures increased due to this being a new program in fiscal year 2004.

**Division 20**

Regional Training Grants – Regional training grant expenditures decreased due to the appropriation being reduced by half during fiscal year 2004.

**Underground Storage Tank Fund – 072**  
**Division 01**

Personal Services – Personal services expenditures decreased due to a reduction in staff from fiscal year 2003 to fiscal year 2004.

Employee Retirement Contributions Paid by Employer – Employee retirement contributions paid by employer decreased due to the Governor terminating pension pickup by the State for non-union employees during fiscal year 2004.

State Contributions to Social Security – State contributions to social security decreased due to a one-time lump sum pay out for early retirement during fiscal year 2003 and a reduction in staff from fiscal year 2003 to fiscal year 2004.

STATE OF ILLINOIS  
OFFICE OF THE STATE FIRE MARSHAL  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES**  
For the Two Years Ended June 30, 2004

**SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2003 AND 2004 (CONTINUED)**

**Underground Storage Tank Fund – 072 (Cont.)**  
**Division 01 (cont.)**

Equipment – Equipment expenditures decreased due to the Office’s administration having imposed spending reserves and spending controls during fiscal year 2004.

Electronic Data Processing – Electronic data processing expenditures decreased due to the Office’s administration having imposed spending reserves and spending controls during fiscal year 2004.

Leaking Underground Storage Program – Leaking Underground Storage Program expenditures decreased due to this program ending during fiscal year 2003.

Certification of Underground Storage Tanks - Certification of Underground Storage Tanks expenditures decreased due to this program ending during fiscal year 2003.

**Illinois Firefighter Division – 510**  
**Division 01**

Firefighters’ Memorial – Firefighters’ Memorial expenditures decreased due primarily to the timing of billings related to the maintenance of the Illinois’ Firefighters’ Memorial during fiscal year 2004.

**Fire Prevention Division Fund – 580**  
**Division 01**

U.S. Resource Conservation and Recovery Act Underground Storage Program – Fiscal year 2004 expenditures decreased due to the federal funds not being available until very late in fiscal year.

STATE OF ILLINOIS  
OFFICE OF THE STATE FIRE MARSHAL  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES**  
For the Two Years Ended June 30, 2004

Significant variances in expenditures were determined to be changes of \$5,000 and at least 20% between fiscal years, and are explained below.

**SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2002 AND 2003**

**General Revenue Fund - 001**  
**Division 01**

Arson Investigators – Arson investigator expenditures increased due to fiscal year 2002’s supplemental appropriation being received late in the fiscal year. Spending in fiscal year 2003 was for the entire year unlike fiscal year 2002 spending, which occurred for just a portion of the year.

Fire Protection Plan for Illinois Schools – Fire protection plan for Illinois school expenditures decreased due to reserves imposed by the Governor, which limited spending during fiscal year 2003.

Homeland Security – Homeland security expenditures increased due to fiscal year 2002’s supplemental appropriation being received late in the fiscal year. Spending in fiscal year 2003 was for the entire year; however, fiscal year 2002 spending only occurred for a portion of the year.

Training Costs for Homeland Security – Training costs for homeland security increased due to fiscal year 2002’s supplemental appropriation being received late in the fiscal year. Spending in fiscal year 2003 was for the entire year; however, fiscal year 2002 spending only occurred for a portion of the year.

**Fire Prevention Fund - 047**  
**Division 01**

Commodities – Commodities expenditures decreased due to the Office’s new administration having imposed spending reserves and spending controls during fiscal year 2003.

Fire Prevention Training – Fire prevention training expenditures decreased due to the Office’s administration imposing spending reserves and restrictions during fiscal year 2003.

STATE OF ILLINOIS  
OFFICE OF THE STATE FIRE MARSHAL  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES**  
For the Two Years Ended June 30, 2004

**SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2002 AND 2003 (CONTINUED)**

**Underground Storage Tank Fund – 072**  
**Division 01**

Contractual Services – Contractual services expenditures increased due to fiscal year 2003 being the first year of a more accurate allocation of utilities and rent costs between funds 047 and 072.

Electronic Data Processing – Electronic data processing expenditures decreased due to the Office's new administration having imposed spending reserves and spending controls during fiscal year 2003.

Refunds – Refunds decreased due to a smaller amount of refunds requested during fiscal year 2003.

Leaking Underground Storage Program – Leaking underground storage program expenditures increased due to no spending during fiscal year 2002. During fiscal year 2003 the agency had expenditures for electronic data processing and other lines related to help reduce and eliminate the backlog of files.

**Illinois Firefighter Division – 510**  
**Division 01**

Firefighters' Memorial – Firefighters' Memorial expenditures decreased due to no expenditures for the maintenance of the Illinois' Firefighters' Memorial. The Office only paid bills related to the Fallen Firefighters' Memorial ceremony during fiscal year 2003.

**Fire Prevention Division Fund – 580**  
**Division 01**

U.S. Resource Conservation and Recovery Act Underground Storage Program – Fiscal year 2003 expenditures decreased due to the federal funds not being available until late in the fiscal year.

STATE OF ILLINOIS  
OFFICE OF THE STATE FIRE MARSHAL  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES**  
For the Two Years Ended June 30, 2004

**SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2002  
AND 2003 (CONTINUED)**

**Illinois Future Fund – 611**  
**Division 01**

Granite City – Granite City expenditures decreased due to this program ending during fiscal year 2002.

Public Safety Infrastructure – Public Safety Infrastructure expenditures decreased due to this program ending during fiscal year 2002.

STATE OF ILLINOIS  
OFFICE OF THE STATE FIRE MARSHAL  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS**  
For the Two Years Ended June 30, 2004

Significant variances in receipts were determined to be changes of \$5,000 and at least 20% between fiscal years, and are explained below.

**SIGNIFICANT VARIATIONS IN RECEIPTS BETWEEN FISCAL YEARS 2003 AND 2004**

**General Revenue Fund – 001**

Boiler Receipts – Boiler fees were doubled per Public Act 93-32 and half of the fees collected were now to be deposited into the General Revenue Fund during fiscal year 2004.

**Fire Prevention Fund - 047**

Underground Storage Tank Permit Fees – Permit fees collected increased during fiscal year 2004 due to Public Act 92-618, which increased the fee charged for tank registrations.

Inspection Fees – Inspection fees decreased during fiscal year 2004 due to these fees not being required by law to be paid for an inspection to be completed.

**Underground Storage Tank Fund – 072**

Tank Registration – Tank registration fees decreased during fiscal year 2004 due to the number of permits needed decreasing and contractors now being able to file for multiple registrations under one fee.

Fines and Penalties – Fines and penalties increased during fiscal year 2004 due to more fines and penalties being given during the year.

**Fire Prevention Division Fund – 580**

Environmental Protection Agency Grant – Environmental Agency Grant receipts decreased during fiscal year 2004 due to these federal funds not being approved until late in the State's fiscal year, so the funds were not received until early in fiscal year 2005.

STATE OF ILLINOIS  
OFFICE OF THE STATE FIRE MARSHAL  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS**  
For the Two Years Ended June 30, 2004

Significant variances in receipts were determined to be changes of \$5,000 and at least 20% between fiscal years, and are explained below.

**SIGNIFICANT VARIATIONS IN RECEIPTS BETWEEN FISCAL YEARS 2002 AND 2003**

**Fire Prevention Fund - 047**

Underground Storage Tank Permit Fees – Permit fees decreased during fiscal year 2003 due to the low number of permits given for new tank registrations during the year.

Boiler Receipts – Boiler receipts increased during fiscal year 2003 due to the following fees increasing: exam fees increased by \$5, the certificate fees increased by \$15, and the statement fees changed to \$35 per tank rather than one flat fee.

Inspection Fees – Inspection fees increased during fiscal year 2003 due to more inspections being completed.

**Underground Storage Tank Fund – 072**

Tank Registration – Tank registration fees decreased during fiscal year 2003 due to the number of permits needed decreasing and contractors now being able to file for multiple registrations under one fee.

Fines and Penalties – Fines and penalties decreased during fiscal year 2003 due to less fines and penalties being assessed during the year.

STATE OF ILLINOIS  
OFFICE OF THE STATE FIRE MARSHAL  
**ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING**  
For the Two Years Ended June 30, 2004

**FISCAL YEAR 2004**

**Fire Prevention Fund - 047**

**Division 01**

Commodities –Lapse period expenditures were due to replenishing supplies for the Office and for the State Fair prior to June 30 but not invoiced and paid until the lapse period.

**Division 20**

Regional Training Grants – The lapse period Regional Training Grant expenditure was due to a payment for reimbursement of expenses incurred for training conducted in the months of April, May, and June, but not invoiced and paid until the lapse period.

**Illinois Firefighters' Memorial Fund – 510**

**Division 01**

Firefighters' Memorial – The lapse period expenditures were due to the receipt and payment of billings during the lapse period to reimburse the Fire Fighters' Memorial Foundation for expenses incurred prior to June 30.

STATE OF ILLINOIS  
OFFICE OF THE STATE FIRE MARSHAL  
**ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING**  
For the Two Years Ended June 30, 2004

**FISCAL YEAR 2003**

**Fire Prevention Fund - 047**

**Division 01**

Electronic Data Processing –Lapse period expenditures were due to the purchase of supplies, new computers and consulting services that were ordered prior to June 30 but were received and paid for during the lapse period.

Life Safety Code Inspection Program –Lapse period Life Safety Code Inspection Program payments were made for the final costs related to museum programs, which were incurred prior to June 30 but not invoiced until the lapse period.

**Division 20**

Regional Training Grants – The lapse period Regional Training Grant expenditures were due to a payment for reimbursement of expenses incurred for annual training conducted in the months of April, May, and June, but not invoiced and paid until the lapse period.

**Fire Prevention Division Fund – 580**

**Division 01**

U.S. Resource Conservation and Recovery Act Underground Storage Program –The lapse period expenditures were due to the federal funds not being available until late in the fiscal year. The entire amount was used for June’s payroll, which was paid in July.

STATE OF ILLINOIS  
OFFICE OF THE STATE FIRE MARSHAL  
**ANALYSIS OF ACCOUNTS RECEIVABLE**

For the Fiscal Years Ended June 30,  
(amounts expressed in thousands)

The following are analyses of the Office's accounts receivable by fund. The Office did not have adequate procedures to pursue collection on past due accounts receivable (see finding 04-9).

<b><u>Fire Prevention Fund - 047</u></b>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Age			
Current	\$ 348	\$ 198	\$ 147
1-30 days	33	23	28
31-90 days	33	15	30
91-180 days	29	27	14
181 days to 1 year	29	44	24
Over 1 year	<u>114</u>	<u>62</u>	<u>25</u>
Total	\$ 586	\$ 369	\$ 268
Less: Allowance for Doubtful Accounts	<u>143</u>	<u>106</u>	<u>38</u>
Net Accounts Receivable	<u>\$ 443</u>	<u>\$ 263</u>	<u>\$ 230</u>

These amounts represent receivables related to fees for boiler and pressure vessel safety inspections performed by the Office.

**Underground Storage Tank Fund - 072**

Age			
Current	\$ 2	3	\$ 11
1-30 days	1	0	0
31-90 days	0	2	1
91-180 days	1	2	2
181 days to 1 year	1	1	5
Over 1 year	<u>12</u>	<u>12</u>	<u>8</u>
Total	\$ 17	\$ 20	\$ 27
Less: Allowance for Doubtful Accounts	<u>13</u>	<u>13</u>	<u>13</u>
Net Accounts Receivable	<u>\$ 4</u>	<u>\$ 7</u>	<u>\$ 14</u>

These amounts represent receivables related to fees for the registration of underground storage tanks by the Office.

STATE OF ILLINOIS  
OFFICE OF THE STATE FIRE MARSHAL  
**ANALYSIS OF OPERATIONS**  
For the Two Years Ended June 30, 2004

**FUNCTIONS AND PLANNING PROGRAM**

**Functions**

The Office of the State Fire Marshal (Office) was created by the State Fire Marshal Act (Public Act 80-147), effective July 21, 1977.

The primary function of the Office is public safety. The Office's mission is to reduce death, injury and property loss of Illinois' citizens from fires, explosions and other hazards. The Office is charged with the enforcement of statutory safety requirements. The Office provides its services through the following operating divisions:

Arson Investigation: Specially trained and equipped arson investigators investigate the cause and origin of suspicious fires. The staff in this division also interact with State, federal and local fire and law enforcement agencies in investigations.

Fire Prevention: Trained division staff inspect State facilities, public buildings, schools, day care centers, nursing homes, hotels and other occupancies and enforce the Life Safety Code. The division also enforces provisions covering the manufacture, use, storage and sale of fireworks and conducts statewide fire awareness and prevention programs.

Boiler and Pressure Vessel Safety: Inspectors ensure the safety of boilers and pressure vessels used in schools, hospitals, chemical plants, government buildings and businesses throughout the State.

Petroleum and Chemical Safety: This division regulates tanks containing gasoline and dangerous chemicals. The division processes documentation to access the environmental cleanup fund, and responds to chemical emergencies. The Office receives appropriations from the Underground Storage Tank fund for this division's operational expenses.

Personnel Standards and Education: The division is responsible for improvements in the levels of education and training for firefighters in Illinois.

Elevator Safety: The division is responsible for providing public elevator safety of life and limb and to promote public elevator safety awareness.

Management Services: The division provides fiscal, data processing and statistical support and includes the accounting and budgeting functions of the Office. Data processing provides word processing support, division data base systems support and maintenance of an electronic bulletin board information service among other services. The fire statistics section is responsible for the Office's participation in a uniform National Fire Incident Reporting System.

## **Planning Program**

The Office has its own planning program. Short-term goals reflect the objectives of a more current nature to address improvements or deficiencies in programs that can be resolved at the agency level and within budgetary constraints. Some specific short-term goals identified by the Office include:

- Identification of new funding sources for the Office.
- Implementation of expanded statewide public awareness and education programs.
- Expansion of computer resources for fire services.
- Upgrading of data processing systems to permit faster processing of permits, registrations, inspections and statistical reports.

The Office's long-range planning is accomplished through a committee of division directors. The committee is charged with developing goals for the Office and plans to attain those goals. The State Fire Marshal and Deputy Director monitor the goals with assistance from the division directors through monthly reporting. The long-range priorities of the Office have been identified as follows:

- Review of local, state and national data to identify high-risk areas and target programs for the areas in which people are dying.
- Establishment of a unified strategic plan for the Illinois' fire service.
- Expansion of regional training for Illinois' firefighters.
- Development of computer-based training programs.
- Expansion of fire safety equipment in structures throughout the State.
- Expansion of resources available to local fire departments.
- Increasing fire suppression coverage in Illinois by identifying rural areas in the State in which there is not fire protection available and seeking to assign all "no-man's lands" to fire protection districts with input and concurrence with surrounding districts.

### **Auditor's Assessment**

The Office's responsibilities deal with public safety and are coordinated through its organizational structure. Its six key program areas are fire prevention, arson investigation, boiler and pressure vessel safety, personnel standards and education, petroleum and chemical safety and elevator safety. The Office continued to show that fire safety and education remain a top priority.

The planning program is reviewed and evaluated annually in conjunction with the Office's budget preparation.

Office management appears to be effectively using its planning program to improve their current management of the Office and has established adequate operating programs to meet statutorily defined goals and objectives.

### **AVERAGE NUMBER OF EMPLOYEES**

The following table, prepared from Office records, presents the average number of full-time equivalent employees, by function, for the Fiscal Years ended June 30,

<u>Division</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Arson Investigation	19	19	21
Fire Prevention	27	31	39
Boiler and Pressure Vessel Safety	18	19	21
Petroleum and Chemical Safety/Storage Tank	23	27	30
Personnel Standards and Education	11	10	8
Management Services	25	27	30
Elevator Safety	1	0	0
Total average full-time employees	<u>124</u>	<u>133</u>	<u>149</u>

**SERVICE EFFORTS AND ACCOMPLISHMENTS (NOT EXAMINED)**

**Arson Investigation Division** - investigates fires in the State.

	<u>2004</u>	<u>2003</u>	<u>2002</u>
Arson Investigations	1,064	1,008	1,081
Arson Investigators as of June 30	16	14	19

**Boiler and Pressure Vessel Safety Division** - inspectors generate inspection and certificate fees; insurance company inspectors generate certificate fees.

	<u>2004</u>	<u>2003</u>	<u>2002</u>
Boiler and Pressure Vessel Safety Inspections:			
State Inspections	18,535	18,818	20,814
Insurance Inspections	<u>25,575</u>	<u>21,993</u>	<u>22,031</u>
Total Inspections	<u><u>44,110</u></u>	<u><u>40,811</u></u>	<u><u>42,845</u></u>
Inspectors as of June 30	13	11	15

**Fire Prevention Division** - inspects all buildings in the State with the exception of single-family homes.

	<u>2004</u>	<u>2003</u>	<u>2002</u>
Building Inspections	13,545	19,915	21,748
Building Inspectors as of June 30	20	19	26

**Personnel Standards and Education Division** - responsible for upgrading and maintaining the training of local firefighters in order to raise the level of local fire protection. This includes both examination and certifications in basic firefighter levels through advanced areas such as hazardous materials.

	<u>2004</u>	<u>2003</u>	<u>2002</u>
Certifications	9,278	9,088	9,144
Examinations	11,819	13,413	17,386
Average number of employees as of June 30*	11	10	8

\*Employee headcount includes part-time employees at the full-time equivalents.

Reimbursements to local fire departments for part of their training costs:

	<u>2004</u>	<u>2003</u>	<u>2002</u>
Recipients:			
Chicago	\$ 168,301	\$ 79,949	\$ 175,000
Other local departments	181,699	270,051	175,000
Fire Service Institute	<u>150,000</u>	<u>300,000</u>	<u>300,000</u>
Total expenditures	<u><u>\$ 500,000</u></u>	<u><u>\$ 650,000</u></u>	<u><u>\$ 650,000</u></u>

The Task Reimbursement Committee established an alternate funding decision in 1998 to allow the Fire Service Institute to offer free non-reimbursable courses to the fire service, using an amount from the grant. This funding now comes from a separate appropriation. The Task Reimbursement Committee votes on the amount of money given to the Fire Service Institute each year before claims are processed.

**Petroleum and Chemical Safety Division** - regulates the State's underground storage tanks containing petroleum or hazardous materials. Registration and inspection of each tank and associated piping is required upon installation or removal.

	<u>2004</u>	<u>2003</u>	<u>2002</u>
Permits issued	1,899	2,164	3,688
UST emergency responses and field investigations	804	1,362	1,829
Certification audits (initial visit)	2,016	1,986	2,660
Certification audits (multiple visits)	1,064	1,060	1,399
Notices of Violation	1,128	894	1,224
Underground Storage Tank (UST) inspections	3,122	3,297	5,009*
Average number of employees as of June 30	23	27	30

\* Amount is different from the fiscal year 2002 audit report due to Office adjustments to their records. The Office added 1,829 re-inspections related to previous Notices of Violation.