

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

For the Two Years Ended June 30, 2006

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COMPLIANCE EXAMINATION
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TABLE OF CONTENTS

	<u>Page</u>
Agency Officials	1
Management Assertion Letter	2
Compliance Report	
Summary	4
Auditors' Reports	
Independent Accountants' Report on State Compliance, on Internal Control Over Compliance, and on Supplementary Information for State Compliance Purposes	8
Schedule of Findings	
Current Findings - State	11
Prior Findings Not Repeated - State	55
Supplementary Information for State Compliance Purposes	
Summary	56
Fiscal Schedules and Analysis	
Schedule of Expenditures of Federal Awards	57
Notes to the Schedule of Expenditures of Federal Awards	58
Schedule of Appropriations, Expenditures and Lapsed Balances	60
Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances	66
Schedule of Efficiency Initiative Payments	70
Schedule of Changes in State Property	71
Comparative Schedule of Cash Receipts	72
Reconciliation Schedule of Cash Receipts to Deposits Remitted to the State Comptroller	73
Analysis of Significant Variations in Expenditures	74
Analysis of Significant Variations in Receipts	80
Analysis of Significant Lapse Period Spending	82
Analysis of Accounts Receivable	85
Analysis of Operations	
Agency Functions and Planning Program	86
Management Audit of the State Fire Marshal's Fire Investigations	88
Average Number of Employees	89
Service Efforts and Accomplishments (Not Examined)	90

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2006

AGENCY OFFICIALS

State Fire Marshal (February 6, 2006 through present)	Mr. David Foreman
Interim State Fire Marshal (October 7, 2005 through February 5, 2006)	Mr. Dave DeFraties
State Fire Marshal (through October 6, 2005)	Mr. J.T. Somer
Deputy Director (March 16, 2005 through present)	Mr. Joseph August
Deputy Director (February 6, 2006 through present)	Mr. Dave DeFraties
Deputy Director (April 18, 2005 through October 6, 2005)	Mr. Dave DeFraties
Fiscal Officer (December 1, 2005 through present)	Ms. Madeline Gumble
Acting Fiscal Officer (July 16, 2005 through November 30, 2005)	Ms. Madeline Gumble
Fiscal Officer (November 19, 2004 through July 15, 2005)	Mr. Abasse Tall
Fiscal Officer (through November 17, 2004)	Mr. Larry Smith
General Counsel (March 16, 2005 through present)	Mr. John Fennell
General Counsel (through March 15, 2005)	Mr. Joseph August

Agency offices are located at:

1035 Stevenson Drive
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

General Office

217-785-0969

FAX

217-782-1062

Divisions

ARSON INVESTIGATION

217-782-9116

BOILER and PRESSURE

VESSEL SAFETY

217-782-2696

FIRE PREVENTION

217-785-4714

MANAGEMENT SERVICES

217-782-9889

INFIRS

217-785-5826

HUMAN RESOURCES

217-785-1026

PERSONNEL STANDARDS

and EDUCATION

217-782-4542

PETROLEUM and

CHEMICAL SAFETY

217-785-5878

PUBLIC INFORMATION

217-785-1021

WEB SITE

www.state.il.us/osfm

MANAGEMENT ASSERTION LETTER

January 29, 2007

Mr. William G. Holland

Auditor General

Iles Park Plaza

740 E. Ash

Springfield, IL. 62703-3154

Dear Mr. Holland:

We are responsible for the identification of, and compliance with, all aspects of laws regulations, contracts, or grant agreements that could have a material effect on the operations of the Agency. We are responsible for and we have established and maintained an effective system of, internal controls over compliance requirements. We have performed an evaluation of the Agency's compliance with the following assertions during the two-year period ended June 30, 2006. Based on the evaluation, we assert that during the years ended June 30, 2005 and June 30, 2006, the Agency has materially complied with the assertions below.

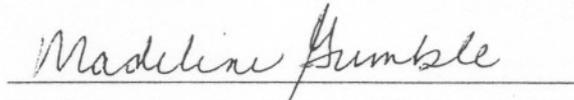
- A. The agency has obligated, expended, received and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The agency has obligated, expended, received and used public funds of the State in accordance with any limitations, 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

A handwritten signature in cursive script, appearing to read "David Foreman", written over a horizontal line.

(David Foreman, State Fire Marshal) as of 2/6/06

A handwritten signature in cursive script, appearing to read "Madeline Gumble", written over a horizontal line.

(Madeline Gumble, Fiscal Officer) as of May 2005

A handwritten signature in cursive script, appearing to read "John Fennell", written over a horizontal line. The signature includes a superscript "2".

(John Fennell, Legal Counsel) as of 3/15/05

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2006

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	27	9
Repeated findings	6	5
Prior recommendations implemented or not repeated	3	3

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

SCHEDULE OF FINDINGS

FINDINGS (STATE COMPLIANCE)

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
		<u>Contractual Services</u>
06-1	11	Lack of controls over Firefighters Memorial Fund distributions
06-2	14	Lack of documentation for interagency agreement
06-3	15	Inadequate controls over contractual agreements

Personal Services

06-4	17	Inadequate controls over employees
06-5	19	Inaccurate records of employee leave time
06-6	21	Annual performance appraisals not completed

Revenues, Refunds & Receivables

06-7	22	Inadequate collection and accounting for accounts receivable
06-8	25	Incomplete and inaccurate Fee Imposition Report
06-9	26	Inadequate controls over receipt processing and refunds

Operation of Automobiles

06-10	28	Inadequate controls over the purchase and use of vehicles
06-11	30	Inaccurate and untimely reporting of vehicle assignments

Expenditures

06-12	31	Efficiency Initiative Payments
06-13	33	Unreasonable reimbursements
06-14	35	Inadequate controls over travel

Accounting and Reporting

06-15	37	Noncompliance with federal grant agreement
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Equipment

06-16	39	Inadequate controls over property reporting and equipment
06-17	41	Failure to complete accounting for leases-lessee information
06-18	42	Failure to file surplus furniture affidavits

Information Systems

- | | | |
|-------|----|---|
| 06-19 | 43 | Lack of disaster contingency planning or testing to ensure recovery of computer systems |
| 06-20 | 44 | Lack of computer security policies |

Statutory Mandates

- | | | |
|-------|----|--|
| 06-21 | 45 | Backlog of Boilers and Pressure Vessels |
| 06-22 | 48 | Noncompliance with Pyrotechnic Distributor and Operator Licensing Act |
| 06-23 | 50 | Failure to adopt rules for the administration and enforcement of elevator safety and installation laws |
| 06-24 | 51 | Failure to distribute arson fines |
| 06-25 | 52 | Noncompliance with the Fire Sprinkler Contractor Licensing Act |
| 06-26 | 53 | Noncompliance with the Fire Sprinkler Dormitory Act |
| 06-27 | 54 | Noncompliance with the Petroleum Equipment Contractors Licensing Act |

PRIOR FINDINGS NOT REPEATED (STATE COMPLIANCE)

- | | | |
|-------|----|---|
| 06-28 | 55 | Inadequate controls over development/changes to computer applications |
| 06-29 | 55 | Chief and Deputy Inspectors did not provide bonds |
| 06-30 | 55 | Inaccurate depreciation reporting |

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an exit conference on May 16, 2007. Attendees were:

Office of the Auditor General

Lisa Warden, Audit Manager
Jessica Olive, Audit Supervisor
Heather York, Staff Auditor
Adanna Nwodu, Staff Auditor
Blake Reed, Staff Auditor

Office of the State Fire Marshal

Joe August, Deputy Director
Dave DeFraties, Chief of Staff
John Fennell, General Counsel
Maureen Cunningham, Assistant General Counsel
Madeline Gumble, Chief Fiscal Officer

Responses to the recommendations were provided by Madeline Gumble in a letter dated May 31, 2007.

SPRINGFIELD OFFICE:

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740 EAST ASH • 62703-3154
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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, 2006. 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, 2006. 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 06-1, 06-2, 06-3, 06-4, 06-5, 06-6, 06-7, 06-8, 06-9, 06-10, 06-11, 06-12, 06-13, 06-14, 06-15, 06-16, 06-17, 06-18, 06-21, 06-22, 06-23, 06-24, 06-25, 06-26 and 06-27.

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 06-1, 06-2, 06-3, 06-4, 06-5, 06-6, 06-7, 06-

8, 06-9, 06-10, 06-11, 06-12, 06-13, 06-14, 06-16, 06-17, 06-18, 06-19, 06-20, 06-22, 06-23, 06-24, 06-25 and 06-27.

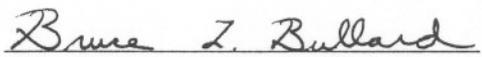
As required by the Audit Guide, immaterial findings relating to internal control deficiencies excluded from this report have been reported in a separate letter.

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 2005 and the 2006 Supplementary Information for State Compliance Purposes, except for information on 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 2004 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
Director of Financial and Compliance Audits

January 29, 2007

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
CURRENT FINDINGS (STATE COMPLIANCE)
For the Two Years Ended June 30, 2006

06-1. **FINDING** (Lack of controls over Firefighters Memorial Fund distributions)

The Office of the State Fire Marshal (Office) did not exercise proper control over the contract and monitoring of the monies paid from the Firefighters Memorial Fund.

The Office remitted \$50,000 in FY05 to the Illinois Firefighters Memorial Foundation (Foundation) pursuant to an annual contract. The Foundation is a separate not-for-profit charitable organization, located in Deerfield, Illinois, established under Section 501(c)(3) of the Internal Revenue Code.

During the current examination, we noted the following deficiencies:

- The Office had not determined the Foundation's plans for over \$300,000 of unspent State funds received in prior years, nor did the Office request or recoup any overpayments from the Foundation. The Office previously stated the excess funds would be used by the Foundation for scholarships to children of firefighters killed in the line of duty. However, the Foundation billed the Office in FY05 for \$38,652 of scholarships awarded, rather than paying them from unspent State funds. Further, the Foundation's \$65,208 bill included \$1,595 for inappropriate expenditures, such as alcohol, lunches, and limousine services. Although the Office only paid the Foundation the \$50,000 FY05 contract maximum, it appears the Foundation's inappropriate expenditures were paid with the unspent State funds, which constituted the majority of the Foundation's cash balance.

Office management stated that they have verbally requested that the Foundation have an external audit of its books and records, as they believe that the Foundation has excess State funds in its treasury. Further, management stated that reimbursements were not provided in FY06, and unspent State funds will be offset against Foundation expenditures. Good internal controls require that the Office aggressively pursue prior overpayments, and work with the Foundation to formally document a plan for remaining unspent State funds.

- The Office did not comply with provisions of the Illinois Procurement Code (Code) for the contract awarded to the Foundation. The Office did not use competitive procurement; nor did the Office demonstrate that services could only be economically and feasibly provided by the Foundation. Additionally, the Office failed to publish notices in the Illinois Procurement Bulletin as required for sole source procurement. Office management stated the contract was a sole source procurement, but notices were not published due to oversight.

The Code (30 ILCS 500/20-20) requires competitive sealed bidding be used for procurement of services which exceed the small purchase threshold. For FY05 and FY06, the Department of Central Management Services (DCMS) Rules set that threshold at \$25,000 (44 Ill. Admin. Code 1.2020(a)). Agencies are exempt if there is only one economical feasible source for the item and the Agency publishes in the Illinois Procurement Bulletin a notice of intent for sole source procurement along with a description of the item to be procured and the intended sole source contractor (30 ILCS 500/20-25).

- The Contract between the Office and the Foundation was not signed prior to the beginning of services. The contract start date was January 1, 2005, yet the contract was not signed until June 14, 2005, 164 days late. In addition, the Contract Obligation Document (COD) was not properly completed. The COD stated June 13, 2005 was the contract start date. Office management stated these deficiencies were due to employee oversight.

Good business practices require all contracts entered into be approved by all involved parties prior to the execution of the contract. The Statewide Accounting Management System (SAMS) Procedure 15.20.10 provides instruction for proper completion of contract obligation documents. In addition, good business practices require a careful review of source documentation and prepared reports before submission.

Failure to actively pursue prior overpayments from the Firefighters Memorial Fund decreases the likelihood of recovery. Noncompliance with the Procurement Code increases the likelihood that State expenditures are not minimized and contracts are not fairly awarded. Failure to exercise adequate control over contractual agreements may result in loss of State funds and may subject the State to unnecessary legal risks. (Finding Code No. 06-1)

RECOMMENDATION

We recommend the Office establish internal controls to ensure distributions from the Firefighters Memorial Fund are adequately monitored. Specifically, we recommend the following:

- The Office continue efforts to decrease the balance of unspent State funds held by the Foundation, seek a formal commitment regarding the Foundation's future plans for the unspent funds, and actively work to recoup prior overpayments to the Foundation.
- The Office should comply with the competitive procurement provisions of the Illinois Procurement Code or publish notices and document compliance with statutory provisions for sole source procurements.
- The Office should approve contracts prior to the performance of services and ensure that all documents regarding contracts are completed accurately.

OFFICE RESPONSE

Agreed. The Office noted these deficiencies internally before the audit engagement, and has worked with IOIA to clarify the weaknesses and help make a stronger case for the need for correction. The Foundation is cooperating with the Office on corrective action.

06-2. **FINDING** (Lack of documentation for interagency agreement)

The Office of the State Fire Marshal (Office) did not have adequate support for an Interagency Agreement with the Governor's Office of Management and Budget (GOMB) detailing the methodology for determining the allocation to be paid by the Office for the billing of shared services.

GOMB entered into a contract for \$650,000 with a consultant to assist GOMB and other State agencies in establishing a statewide shared services plan, which was later outlined in Executive Order 6 (2006). The contract between GOMB and the consultant was amended for an additional \$250,000 for implementation of the shared services plan. Of the \$250,000, \$104,000 was to be for a detailed cluster pilot roll-out plan. The Office, along with 8 other agencies, entered into an Interagency Agreement with GOMB for the payment of an allocable share of the cost of the pilot roll-out plan. The Office's allocable share was determined to be \$15,000, of which the Office paid the entire portion. The Office was not provided documentation to support how the \$15,000 was determined.

The Statewide Accounting Management System (SAMS) (Procedure 02.50.10) requires adequate documentation supporting the ordering and receipt of materials or services. Good internal control requires the Office to have adequate supporting documentation, including allocation methodology, prior to entering into an Interagency Agreement.

Office personnel stated they signed the agreement not to obtain services, but solely to share the cost of services performed. In addition, Office personnel stated that the Interagency Agreement outlined the portion to be paid and no additional documentation was requested or provided.

Failure to require and maintain supporting documentation for expenditures does not allow for a determination as to whether the expenditures were reasonable and necessary. In addition, insufficient documentation increases the risk that payments could be made for services not provided. (Finding Code No. 06-2)

RECOMMENDATION

We recommend the Office require and maintain sufficient documentation to ensure contracted services have been provided and that the expenditures are reasonable and necessary.

OFFICE RESPONSE

Agreed. The Office will request both the backup and the allocation plan if shared payment of contracts occur again in the future.

06-3. **FINDING** (Inadequate controls over contractual agreements)

The Office of the State Fire Marshal (Office) did not competitively procure services, timely approve contractual and grant agreements, or prepare and file written contracts as required.

During our testing, we noted the following:

- Five of 6 (83%) grant agreements tested, totaling \$5,122,800, were signed from 215 to 357 days after the beginning of the grant period. These grants were for fire department training and administration of the Underground Storage Tank Program. Further, two of 12 (17%) contractual agreements tested, totaling \$38,110, were approved and subsequently submitted to the State Comptroller's Office 34 and 53 days after services began.

Good business practices require all contracts and grants entered into be approved by all involved parties prior to the execution of the contract or grant.

- The Office did not seek competitive sealed bids for equipment rental procured from one vendor in each fiscal year. Expenditures totaled \$27,575 in FY05 and \$27,261 during FY06.

The Illinois Procurement Code (Code) (30 ILCS 500/20-20) requires competitive sealed bidding be used for procurement of services which exceed the small purchase threshold. For FY05 and FY06, the Department of Central Management Services (DCMS) Rules set that threshold at \$25,000 (44 Ill. Admin. Code 1.2020(a)).

- The Office did not reduce to writing and file with the Comptroller liabilities with 2 vendors, totaling \$44,075, during FY05 and 3 vendors, totaling \$57,494, during FY06. Expenditures to each vendor exceeded \$10,000 during a fiscal year. Further, the Office did not file two contracts, totaling \$22,940, with the Comptroller.

The Code (30 ILCS 500/20-80) requires State agencies to reduce to writing contractual liabilities involving expenditures of more than \$10,000 and file them with the Office of the State Comptroller within 15 days.

Office personnel stated that late contract approval was due to disagreements with the contractor over the application of statutory requirements to the contract. Office personnel further stated contracts were not competitively procured, reduced to writing and filed with the Comptroller due to oversight.

Failure to approve and reduce to writing contractual and grant agreements prior to the performance of services may result in loss of State funds and may subject the State to unnecessary legal risks. Failure to seek competitive sealed bids for goods and services is noncompliance with the Illinois Procurement Code and could lead to the inefficient use of State resources. (Finding Code No. 06-3)

RECOMMENDATION

We recommend the Office strengthen controls to ensure contractual and grant agreements are approved prior to the effective date and all required procurements are subjected to the competitive bidding process. Further, contracts should be reduced to writing and filed with the State Comptroller's Office in a timely manner.

OFFICE RESPONSE

Agreed. Each of the instances in question involved extenuating circumstances that were difficult, if not impossible, for the Office to avoid or control. The Office will continue to improve its procurement methods up to the time that procurement becomes a Shared Services function.

06-4. **FINDING** (Inadequate controls over employees)

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

As of June 30, 2006, the Office employed 145 employees. Furthermore, the Office had seven divisions with 76 (52%) field employees either working from their homes or a field office. These employees included inspectors, investigators, specialists and administrative staff. During our review of internal controls, we noted the following:

- There was no method to determine that employees worked during reported hours;
- There was insufficient 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.

In May 2005, management stated the Office implemented new internal controls over field staff, including timesheets, travel logs, itineraries, spot checks on employees, additional supervision, and reporting to management. Further, management stated they were finalizing updates to policies and procedures, and have plans for updated inspection tracking and electronic reporting for inspectors in the Division of Fire Prevention.

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. Additionally, good business practice requires adequate supervision and monitoring of employees.

Management stated that the control weaknesses were due to changes in Office administration, reorganization of its administrative staff, and existing policies and internal controls not being enforced.

Failure to maintain 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. 06-4, 04-2)

RECOMMENDATION

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

OFFICE RESPONSE

Agreed. The Office agrees that there were weaknesses during the audit period and has been able to implement most of the planned internal controls mentioned in May 2005.

06-5. **FINDING** (Inaccurate records of employee leave time)

The Office of the State Fire Marshal (Office) did not accurately report the accrual and use of employee leave time.

Office employees earned either compensatory time or equivalent earned time (EET) for overtime worked during the examination period. Employees earned holiday time for working on State holidays. We tested a total of sixteen employees and noted the following:

- Four of 6 (67%) employees tested did not accrue EET correctly. Employees accrued EET daily if they worked past their required 7.5 hours as opposed to accruing EET weekly for working past their scheduled hours. As a result, accrued leave time was overstated by over 100 hours.

The Department of Central Management Services Personnel Rules (80 Ill. Admin. Code 310.100) states that employees who are eligible may receive EET for hours worked in excess of 40 actual work hours in a work week. Agency personnel stated that the new EET benefit time program went through a series of interpretations. Personnel further stated a new template for tracking EET time on the timekeeping system was developed subsequent to our testing.

- Leave time was not timely approved for one of 6 (17%) employees tested. In five separate instances, EET or holiday time was requested and approved 50 to 315 days after the leave was taken. Office policy dictates that leave requests be approved within three weeks from the time taken.

Office personnel stated that the employee submitted two leave slips when he became aware he was required to do so in order to take time off which was previously accrued for working on State holidays. Further, personnel stated the agency's EET tracking mechanism was manual until March 2006 when CMS provided the means to electronically track time; therefore, leave requests were turned-in late.

- One of 10 (10%) employees tested for proper compensatory time accrual reported 25.5 hours of compensatory time, but had no record of overtime hours on their supervisor-approved timesheet. Office personnel stated the employee was advised by a superior to report compensatory time without recording the overtime hours worked onto their timesheet.

The State Officials and Employees Ethics Act (5 ILCS 430/5-5(c)) requires State employees to document on time sheets the time spent each day on official State business to the nearest quarter hour. Further, good internal controls require that reported compensatory time earned should be supported by records of overtime hours worked.

Failure to maintain accurate attendance records increases the risk of the Office allowing time off or paying for services not rendered by employees. A lack of knowledge regarding EET could result in Office employees taking EET when they have not accrued any or enough time. Failure to properly and timely complete leave slips increases the likelihood that an employee will be paid for services that were not rendered. (Finding Code No. 06-5)

RECOMMENDATION

We recommend the Office train employees on the proper method to record and accrue EET and compensatory time. Further, all leave time should be approved in a timely manner.

OFFICE RESPONSE

Agreed. The Auditor General's staff brought the EET rules to the attention of Office staff before the first year of EET closed. Thus, the Office was able to audit records and make adjustments without any staff using benefit time improperly. Amongst trying to keep current on our mission-oriented work, Office staff are also attempting to be more timely with leave paperwork.

06-6. **FINDING** (Annual performance appraisals not completed)

The Office of the State Fire Marshal (Office) did not conduct all required employee performance appraisals.

We noted the Office did not perform annual performance evaluations for 6 of 36 (17%) employees tested during the examination period. Personnel rules (80 Ill. Admin. Code 302.270) require the Office to prepare an evaluation on employees not less often than annually.

Agency personnel stated that the Office was behind on employee evaluations and the Human Resource Division Manager reminded supervisors of this responsibility regularly.

Performance evaluations are a systematic and uniform approach used for the development of employees and communication of performance expectations to employees. Performance evaluations should serve as a foundation for salary adjustments, promotion, demotion, discharge, layoff, recall, and reinstatement decisions. (Finding Code No. 06-6)

RECOMMENDATION

We recommend the Office take appropriate measures to ensure annual performance appraisals are conducted timely for all employees as required.

OFFICE RESPONSE

Agreed. Amongst trying to keep current on our mission-oriented work, Office staff are also attempting to be more timely with employee evaluations. To assist, Human Resources is sending out reminders.

06-7.

FINDING (Inadequate collection and accounting for accounts receivable)

The Office of the State Fire Marshal (Office) did not sufficiently monitor and pursue collections on delinquent accounts receivable.

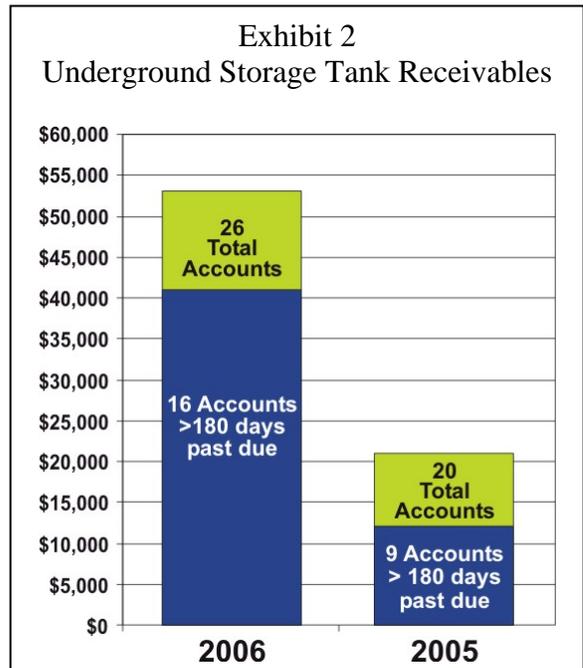
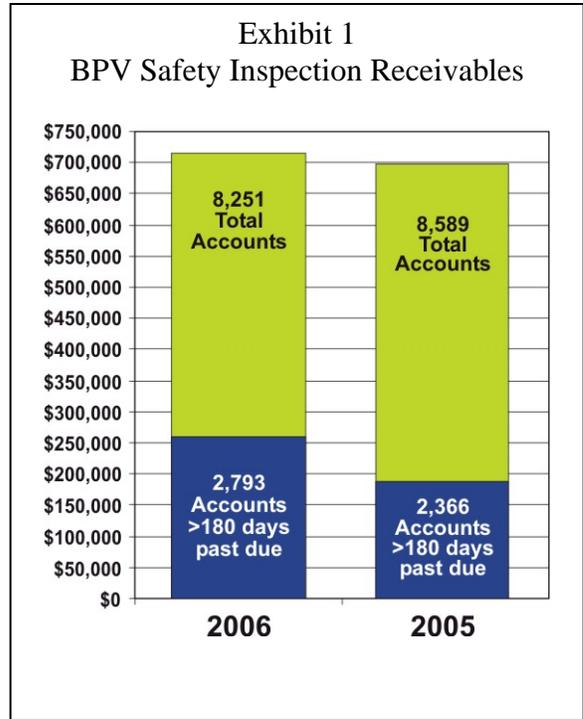
At June 30, 2006, Boiler and Pressure Vessel Safety Inspection (Inspection) receivables consisted of 8,251 individual accounts totaling \$715,000. Of this amount, \$260,000 (2,793 accounts) was greater than 180 days past due. At June 30, 2005, Inspection receivables consisted of 8,589 accounts totaling \$699,000. Of this amount, \$187,000 (2,366 accounts) was greater than 180 days past due. (See Exhibit 1.)

At June 30, 2006, Underground Storage Tank (UST) receivables consisted of 26 accounts totaling \$53,000. Of this amount, \$41,000 (16 accounts) was greater than 180 days past due. At June 30, 2005, UST receivables consisted of 20 accounts totaling \$21,000. Of this amount, \$12,000 (9 accounts) was greater than 180 days past due. (See Exhibit 2.)

During our testing, we noted the following deficiencies:

- The Office's accounts receivable collection procedures were not adequate to ensure the proper collection of fees due each fund. Office procedures consisted of sending an initial invoice as well as a second notice 60-90 days later. However, the Office did not make any further collection attempts after the second notice. In addition, Office personnel stated that second notices were not consistently sent during the examination period.

The Illinois State Collection Act of 1986 (Act) (30 ILCS 210/3) requires agencies to aggressively pursue the collection of accounts receivable through all reasonable means.



- The Office did not handle uncollectible accounts receivable greater than \$1,000 as required by statute. We noted 4 of 26 (15%) UST accounts totaling \$7,800 reported as an accounts receivable at June 30, 2006 were greater than 5 years past due, yet the Office had not requested the Attorney General to certify any of them as uncollectible.

The Uncollected State Claims Act (30 ILCS 205/2) requires agencies to request the Attorney General certify an account receivable of \$1,000 or more, that the agency is unable to collect, as uncollectible when the debt is over five years old.

- The Office did not refer debts over \$1,000 and more than 90 days past due to the Comptroller's Offset System. As of June 30, 2006, we noted 10 of 26 (38%) UST accounts over \$1,000 (totaling \$18,600) that were 247 to 2,467 days past due. The Office had not referred any of these accounts to the Comptroller's Offset System or outside collection agency.

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 personnel stated requests to the Attorney General's Office for certification as uncollectible had not been done due to oversight. Office personnel also stated that the Comptroller's Offset System was not utilized because the Office did not collect enough information from debtors when the receivable was established. In addition, Office personnel stated that as of August 2006, the Office began using a collection agency to collect outstanding balances after the second notice for Boiler and Pressure Vessel Safety Inspections.

Failure of the Office to monitor its accounts receivable on a regular basis and 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. 06-7, 04-9, 02-2, 00-1, 98-1, 96-1, 94-2, 92-2, 90-3, 90-9)

RECOMMENDATION

We recommend that 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 could minimize the need for the write off of receivables.

OFFICE RESPONSE

Agreed. The Office was able to do substantial work toward compliance with both the existing and the new requirements for collection of old debt during the audit period. Since the end of FY06, the Office is showing success by using a collection agency and by properly accounting for write offs. The Comptroller's Offset system is still a challenge for us, but is being addressed.

06-8. **FINDING** (Incomplete and inaccurate Fee Imposition Report)

The Office of the State Fire Marshal (Office) did not file a complete and accurate FY06 Agency Fee Imposition Report with the State Comptroller.

The Office's FY06 Agency Fee Imposition Report contained several discrepancies, including omission of the number of fees collected. The State Comptroller requested the Office submit a revised report; however, the Office had not filed a revised report as of the end of our fieldwork. In addition, the Office did not maintain support for the total dollar amounts reported for the various categories of fees it collects. The Office reported 70,752 fees charged under 23 fee categories totaling approximately \$4.6 million for FY05.

The State Comptroller Act (15 ILCS 405/16.2(a)) requires those agencies that impose fees to file the Agency Fee Imposition Report with the Comptroller at the time the Comptroller specifies by rule. The Statewide Accounting Management System (SAMS) Manual (Procedure 33.16.20) requires State agencies to file the report by August 1 with the agency head's cover letter which certifies all the information provided is complete and accurate. In addition, good internal controls require the information submitted in the Agency Fee Imposition Report to be accurate and adequately supported.

Office personnel stated that the exceptions noted above were due to other projects taking priority.

Failure to file an accurate and complete annual Agency Fee Imposition Report reduces the completeness and reliability of State-wide fee information. Inaccurate or inadequately documented fee amounts and counts by category could lead to higher potential for abuse or misuse of revenue received which may not be detected in the normal course of employees performing their assigned duties. (Finding Code No. 06-8)

RECOMMENDATION

We recommend the Office file accurate and complete Agency Fee Imposition Reports by August 1 each year. Further, the Office should maintain adequate support for the amounts reported for each category of fees.

OFFICE RESPONSE

Agreed. In the future, the Fee Imposition Report will be done on time as required.

06-9. **FINDING** (Inadequate controls over receipt processing and refunds)

The Office of the State Fire Marshal (Office) did not have adequate controls over receipt processing and refunds.

We noted the following during testing:

- Cash receipts were not deposited timely in the State Treasury. Twenty of 50 (40%) receipts tested, totaling \$13,888, were deposited 1 to 14 days late. In addition, the timeliness of deposit could not be determined for 4 of 50 (8%) receipts tested, totaling \$6,390, because the Office did not maintain documentation of the date received.

The State Officers and Employees Money Disposition Act (Act) (30 ILCS 230/2) requires each State agency to deposit into the State Treasury individual receipts exceeding \$10,000 in the same day received, an accumulation of receipts of \$10,000 or more within 24 hours, receipts valued between \$500 and \$10,000 within 48 hours, and cumulative receipts valued up to \$500 on the next first or fifteenth day of the month after receipt. In addition, the Act requires agencies maintain a detailed account of all monies received including the date received. Untimely deposit of receipts reduces the amount available to pay current costs. Recording cash receipt dates helps ensure receipts are timely deposited.

- Supporting documentation could not be located for 6 of 50 (12%) receipts tested totaling \$12,630. In addition, supporting documentation could not be located for 1 of 4 (25%) refunds tested, totaling \$19,903.

The State Records Act (5 ILCS 160/9) requires agencies to establish and maintain a program for agency records management, which shall include effective controls over maintenance of records. Failure to maintain adequate supporting documentation increases the risk that errors and irregularities could occur and not be detected.

- The Office did not properly perform monthly reconciliations of agency receipts to Comptroller's records (SB04). As a result, the Office did not discover that deposits-in-transit as of June 30, 2005, totaling \$210,356, were incorrectly recorded as FY06 receipts in Agency records.

The Comptroller's Statewide Accounting Management System (SAMS) procedure 25.40.20 requires each agency to reconcile cash receipts monthly so that the necessary corrective action can be taken to locate the differences and correct the accounting records. Failure to properly perform monthly reconciliations impairs the agency's ability to identify errors and take corrective action to ensure accurate receipt records.

- The Office's Boiler and Pressure Safety Division did not have an adequate segregation of duties in receipt processing. The Accountant Supervisor was responsible for receiving and recording receipts, preparing deposit slips, and reconciling the receipts.

Good internal controls require the Office to maintain adequate segregation of custody and record keeping duties in order to ensure the safeguarding of assets, prevent improper receipt handling, and ensure the accuracy and reliability of accounting data. An inadequate segregation of duties increases the likelihood that a loss from errors or fraud could occur and not be detected in the normal course of employees performing their assigned duties.

Office management stated the exceptions noted above were due to employee turnover and oversight. (Finding Code No. 06-9)

RECOMMENDATION

We recommend that the Office comply with the State Officers and Employees Money Disposition Act by making timely deposits into the State Treasury and documenting the date that receipts are received. In addition, the Office should implement controls over receipt processing to ensure adequate documentation is maintained and readily available. Further, the Office should properly prepare monthly reconciliations of agency receipts to Comptroller records. Lastly, the Office should maintain adequate segregation of receipt processing duties by ensuring independent employees perform the receiving, record keeping and reconciliation functions.

OFFICE RESPONSE

Agreed. The Office was able to correct most of these deficiencies during FY06. We are continuing to look at ways to improve timeliness using technology.

06-10. **FINDING** (Inadequate controls over the purchase and use of vehicles)

The Office of the State Fire Marshal (Office) did not adequately utilize its State vehicles, request approval for lesser usage, justify all vehicle assignments, or have established criteria or documentation for vehicle replacement decisions.

The Office maintained a fleet of approximately 86 and 111 vehicles during FY05 and FY06, respectively. During our testing, we noted the following:

- Forty-four (51%) vehicles during FY05 and 67 (60%) vehicles during FY06 were not sufficiently utilized to justify the need for the vehicles according to the Department of Central Management Services (DCMS) criteria. These vehicles were driven from 0 to 1,463 miles on average per month, which is less than the expected usage of 1,500 miles per month that vehicles should be driven to justify need by an agency. Further, the Office did not submit any explanations of operational need resulting in lesser usage for DCMS approval. Eighteen of the vehicles were purchased during the examination period. In addition, 24 vehicles were not assigned to field staff, including 11 pool and utility vehicles.

DCMS rules (44 Ill. Admin. Code 5040.270) state that new and leased general purpose passenger vehicles are to be used a minimum of 1,500 miles per month, but lesser usage may be approved upon explanation from the Agency Head of operational needs resulting in lesser usage. Vehicles should be sent to DCMS Surplus if the 1,500 miles per month criteria cannot be met and vehicles do not meet DCMS guidelines for assignment to employees.

Office personnel stated that they are aware that vehicles were not driven the minimum amount of mileage per month; however, the vehicles were necessary as most agency vehicles were driven by field staff who work from home offices located throughout the State. In addition, personnel stated prudent use of vehicles was expected of the drivers and job assignments were made to enable the most work to be performed in the least amount of time and mileage. Office personnel also stated that explanations of operational needs resulting in lesser usage were not submitted to CMS due to being unaware of the requirement.

- The Office replaced 36 vehicles during the period, expending \$1,013,882, but had no formal agency guidelines for determining when it was most economical to replace vehicles. It was unclear whether these purchases were necessary, as the Office could not provide documentation for replacement decisions and many of its vehicles did not meet current minimum utilization standards. Fourteen of the 36 (39%) replaced vehicles were 3 to 8 year old mid-sized sedans with mileage ranging from 68,568 to 99,507.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires that agencies establish internal fiscal and administrative controls to provide assurance that resources are used efficiently; and funds and property are safeguarded against

waste. Good internal controls require that decisions be documented, operations be conducted in an economical, efficient, and effective manner and formal policies be used to guide employee actions.

Management stated they do not have the ability or resources to establish internal guidelines for determining when it is most economical to replace vehicles and DCMS rules were considered sufficient due to the small size of the Office. Office personnel further stated some vehicles were replaced to obtain more economical vehicles with greater storage capacity. In addition, Office management stated that the vehicles with less than 100,000 miles could be given to State agencies that did not have the funding to purchase new vehicles.

Failure to report vehicle usage information to DCMS and failure to ensure vehicles are adequately utilized could result in the use of State funds to purchase and maintain vehicles that are not necessary for current operations. In addition, allowing a vehicle to sit idle for extended periods of time could lead to deterioration of a State asset. Failure to establish formal agency guidelines to determine the most economical time to replace vehicles, to document basis for significant decisions, and to limit purchases to necessary vehicles can result in an inefficient use of State resources. (Finding Code No. 06-10)

RECOMMENDATION

We recommend the Office comply with DCMS Rules by ensuring that vehicles purchased are necessary and adequately utilized, transferring underutilized and unnecessary vehicles to surplus, and submitting an explanation of operational needs resulting in lesser vehicle usage for DCMS approval. Further, the Office should establish internal guidelines to ensure cost effectiveness of vehicle replacement and document the basis for purchase decisions.

OFFICE RESPONSE

Agreed. In May 2007, the Office provided the Director of CMS an explanation of operational needs to resolve our low mileage vehicle concerns. The Office will continue to utilize CMS guidelines for fleet management.

06-11. **FINDING** (Inaccurate and untimely reporting of vehicle assignments)

The Office of the State Fire Marshal (Office) did not accurately or timely report to the Department of Central Management Services (DCMS) employees who were personally assigned vehicles. The Office reported 73 and 72 vehicle assignments for FY05 and FY06, respectively.

During our testing we noted the following:

- Three employees assigned a vehicle during FY05 and 7 employees assigned a vehicle during FY06 were not reported to DCMS as required.
- Six employees were reported to DCMS as being assigned a vehicle during FY05; however, these employees were not listed on the Office's Fleet Assignment Report as having a vehicle assignment.
- The Office did not report to DCMS, other than annually, when vehicle assignment changes occurred.

Illinois Administrative Code (44 Ill. Admin. Code 5040.340) states that agencies are required to report to DCMS annually and when changes occur the name of each employee assigned a vehicle, the equipment number and license plate number of the assigned vehicle, employee's headquarters and residence.

Office personnel stated that the annual report prepared each April or May was accurate upon filing, but the vehicle coordinator was not aware of the interim reporting requirement for changes in vehicle assignments.

Failure to accurately and timely report vehicle assignments to DCMS increases the risk of improper vehicle assignments. (Finding Code No. 06-11)

RECOMMENDATION

We recommend the Office comply with the Illinois Administrative Code by accurately and timely reporting to DCMS employees who are assigned a State vehicle.

OFFICE RESPONSE

Agreed. The Office agrees with the finding and will comply with the interim reporting requirement.

06-12. **FINDING** (Efficiency Initiative Payments)

The Office of the State Fire Marshal (Office) made payments for efficiency initiative billings from improper line item appropriations and failed to obtain sufficient support for funds from which savings were expected to occur.

During fiscal year 2005, the Office received two billings, totaling \$177,007, from CMS for savings from efficiency initiatives. The initiatives and amounts billed to the Office were:

Billing Date	Initiative	Billed Amount
1/19/05	Procurement Efficiency	\$1,102
5/02/05	Information Technology	\$175,905
Total:		\$177,007

Based on our review, the billings and support from CMS and GOMB lacked detail on the funds from which they determined the Office saved monies. We question whether the appropriate appropriations, as required by the State Finance Act, were used to pay for the anticipated savings. For example, 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 based on the information provided by CMS and GOMB, but from line items where they had determined a majority of their expenditures occurred and/or line items where funds were available. For example, \$7,717, from the equipment line item of the Fire Prevention Fund, was used to make payments for the Information Technology Initiative for the Elevator Safety and Regulation Act for expected savings for the Elevator Records Management and Inspection System.

We also noted the following payments did not have support for the fund from which savings were expected:

<u>Amount</u>	<u>Line Item</u>	<u>Fund</u>
\$1,102	contractual services	047 – Fire Prevention
\$2,912	contractual services	047 – Fire Prevention
\$7,184	telecommunications	072 – Underground Storage Tank
\$4,559	EDP	072 – Underground Storage Tank

The table on the next page 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.

Fund ¹	Line Item Appropriation	Amount Paid	Total Appropriation for Line Item	Efficiency Initiative ¹
0047, 0072	For Contractual Services	\$4,014	\$300,068	P, IT
0047	For Equipment	\$7,717	\$409,854	IT
0072	For Telecommunications	\$7,184	\$47,000	IT
0072	For Electronic Data Processing	\$4,559	\$115,000	IT
0047	For Lump-Sum, Administration of Elevator Safety and Regulation Act	\$153,533	\$375,000	IT
¹ Legend: 0047-Fire Prevention Fund; 0072 – Underground Storage Tank Fund P-Procurement; IT-Information Technology				

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)

Office personnel stated they did not feel that an improper line item was used; the billings were charged to where the savings were anticipated by GOMB. In addition, management stated they were unable to determine if SFM experienced any savings from the efficiency initiatives and no evidence of savings was provided by CMS or GOMB. Management further stated that the Office held efficiency initiative payments to the end of the fiscal year so that operations were not adversely affected; as a result, part of the information technology billing was distributed to other lines that could have IT start-up costs, such as elevators lump sum, IT, equipment, and telecommunications.

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. (Finding Code No. 06-12, 04-1)

RECOMMENDATION

We recommend the Office only make payments for efficiency initiative billings from line item appropriations where savings would be anticipated to occur. Further, the Office should obtain support for the specific funds for which savings are expected prior to making payments.

OFFICE RESPONSE

Agreed. Using documentation provided by the GOMB, the Office made the efficiency payments from the lines where we thought costs could have been paid had they been incurred. If efficiency payments occur in the future, the Office will try to obtain more detailed information to substantiate payment allocations.

06-13. **FINDING** (Unreasonable reimbursements)

The Office of the State Fire Marshal (Office) did not adequately monitor and document meal reimbursements.

During our testing of 7 meal reimbursements, we noted the following:

- Two of 7 (29%) reimbursements tested included meal expenses for State employees totaling \$538.
- Six of 7 (86%) reimbursements included meal expenses of \$725 for non-State employees at rates higher than allowed in travel regulations. Further, when 30% of the meals were purchased, the State employee reimbursed was not on travel status as required.
- Two of 7 (29%) reimbursements tested included reimbursement for tips, totaling \$98.
- Five of 7 (71%) reimbursements did not specify why the expenditures were incurred in connection with State business.
- Two of 7 (29%) reimbursements did not include the names of the individuals for whom the meals were purchased.

The Governor's Travel Control Board (Board) Guidelines (80 Ill. Admin. Code 3000.600 (b)) state meals for other State employees or officers and tips incurred are nonreimbursable expenses. Also, the Board Guidelines (80 Ill. Admin. Code 3000.630) state meals purchased for non-State employees while on travel status and in connection with State business are reimbursable in reasonable amounts, with the maximum rate for conference meals and lunches being \$5.50 per person (80 Ill. Admin. Code 2800, Appendix A). Further, the Board Guidelines require a statement be attached specifying for whom and why meal expenditures were incurred for State business (80 Ill. Admin. Code 3000.630). Good business practices require that any expenditure made with State funds should be necessary to support mandated agency operations.

Office personnel stated they were unaware that meals for other State employees or tips were not reimbursable and no longer allow these reimbursements. Office personnel further stated they did not believe the meals purchased for non-State employees needed to be within the maximum rates established by the Board.

Failure to adequately monitor reimbursements for proper documentation, accuracy, and reasonableness increases the risk that State funds are not being expended properly. Further, incurring excessive or unnecessary expenditures in the conduct of Office business results in an inappropriate use of State funds. (Finding Code No. 06-13)

RECOMMENDATION

We recommend the Office strengthen controls to ensure reimbursements to employees are reasonable, necessary, and properly documented in accordance with Board Guidelines.

OFFICE RESPONSE

Agreed. The Office corrected this during the audit period, by November 2005.

06-14. **FINDING** (Inadequate controls over travel)

The Office of the State Fire Marshal (Office) did not exercise adequate control over its travel expenditures. During our testing, we noted the following:

- One of ten travelers tested (10%) requested and received reimbursement twice for the same trip. The traveler was overpaid \$191.
- Three of 25 (12%) travel vouchers tested claimed mileage in amounts greater than the usual route. The traveler did not explain or separately detail the reasons for the excess mileage. Mileage claimed was greater than mileage for the usual route by 13 to 32 miles, resulting in payments of \$55.
- Two of 25 (8%) travel vouchers tested, totaling \$1,391, did not specify the traveler's mode of transportation.
- One of 25 (4%) travel vouchers tested were not mathematically correct. This resulted in the traveler being overpaid by \$22.
- Two of 26 (8%) travel vouchers tested claimed significant inner-city mileage, which was not explained on the travel voucher. The traveler claimed a total of 161 miles driven within the cities of Springfield and DuQuoin on three separate days, resulting in payments of \$60.

The Illinois Administrative Code (Code) (80 Ill. Admin. Code 2800.240) requires, when a privately owned vehicle is used, a travel voucher to show commuting mileage, the dates, points of travel and mileage. If the distance traveled between any given points is greater than the usual route between these points shown on a road map, the reason for the greater distance shall be explained and detailed separately. In addition, the mode of travel must be stated on the voucher. Further, good business practices require a careful review of reported information for accuracy before vouchers are approved for reimbursement.

Office management stated that these errors were due to oversight.

Inadequate controls over travel expenditures increases the risk of undetected errors or abuse and could result in overpayments to travelers. (Finding Code No. 06-14)

RECOMMENDATION

We recommend the Office strengthen its controls over travel and carefully review travel vouchers before approval and payment to minimize erroneous vouchers and payments. Further, the Office should obtain reimbursements for overpayments to employees.

OFFICE RESPONSE

Agreed. The Office has experienced turnover in the Travel Coordinator position, and will make sure that controls are maintained or strengthened in the future.

06-15. **FINDING** (Noncompliance with federal grant agreement)

The Office of the State Fire Marshal (Office) did not comply with federal grant requirements to file quarterly reports.

The Office received \$373,000 of federal grant funds during the examination period to implement the Underground Storage Tank Program. During our testing, we noted the following:

- The Office did not file 4 of 8 (50%) required Small, Minority, and Women's Business Enterprises reports (MBE/WBE) during the period. In addition, 1 of 8 (13%) MBE/WBE reports were filed 37 days late.
- The Office did not file 4 of 8 (50%) required Financial Status Reports (FSR) during the period.
- The Office did not file 3 of 3 (100%) required programmatic status reports during FY 06.

The United States Environmental Protection Agency (USEPA) Underground Storage Tank Program grant agreement required the Office to file the following quarterly reports:

- The Small, Minority, and Women's Business Enterprises Utilization report (MBE/WBE) was due within 15 days of the end of each federal fiscal quarter. A negative report was required to be filed if no activity occurred.
- The Financial Status Report (FSR) was due within 60 days of the end of each federal fiscal quarter.
- The programmatic status report was due within 30 days following the end of each federal fiscal quarter.

Office personnel stated that the MBE/WBE and FSR reports were not filed because the grant funds were either not yet drawn down or were already fully expended; therefore, reports were a low priority. Office personnel further stated that the USEPA would like quarterly reports, but only demand the final one. In addition, Office personnel stated that the programmatic status reports were not filed due to lack of time and staff.

Failure to submit the required quarterly reports could lead to the loss of current and/or future grant opportunities with USEPA. Furthermore, failure to file or timely submit reports hinders program monitoring to ensure objectives are being achieved. (Finding Code No. 06-15)

RECOMMENDATION

We recommend the Office implement controls and assign sufficient resources to ensure the timely filing of all quarterly reports as required by their federal grant agreements.

OFFICE RESPONSE

Agreed.

06-16. **FINDING** (Inadequate controls over property reporting and equipment)

The Office of the State Fire Marshal (Office) did not maintain sufficient controls over property reporting or equipment.

During testing, we noted the following exceptions:

- Thirty-nine inventory items, totaling \$100,865, were not added to the Office's inventory records within 30 days of acquisition. Due to this, the FY06 2nd and 4th Quarter C-15's were understated by \$11,070 and \$89,795, respectively, resulting in inaccurate reporting of State property to the Illinois Office of the Comptroller (IOC). Agency personnel stated that the recording of inventory into the system was not kept up-to-date; therefore, estimates had to be used on the quarterly reports.

The Illinois Administrative Code (44 Ill. Admin. Code 5010.400) requires agencies to adjust property records within 30 days of acquisition, change or deletion of equipment items. In addition, the Statewide Accounting Management System (SAMS) (Procedure 29.20.10) states all additions, deletions, and transfers to each asset category should be entered for the quarter being reported.

- Four of eight (50%) Quarterly Reports of State Property (C-15s) submitted to the IOC contained misclassification errors. One of the C-15s had \$1,467 of deletions netted with the additions. Also, three of the C-15s reported \$237,760 of items sent to surplus as deletions, rather than transfers-out. Agency personnel stated the misclassifications were due to oversight.

SAMS (Procedure 29.20.10) defines transfers as items that have either been moved between agencies or within an agency between property categories, including Central Management Services surplus property.

- Four of twenty-five (16%) equipment items tested, totaling \$2,820, were not located in the proper location as stated on the inventory listing. Agency personnel stated property movement forms were completed, but the new location of equipment was not entered into the property control system.

The State Property Control Act (30 ILCS 605/4) requires that the agency be accountable for the supervision, control and inventory of all property under its jurisdiction and control.

- Nine equipment purchases, totaling \$6,228, appeared to be unnecessary or excessive. These items included three televisions and a portable stereo for management offices, a \$3,375 commercial icemaker, two refrigerators, a seat cover for the Fire Marshal's state vehicle, and a \$441 picnic table. One of the televisions was in storage and had never been used, after it was refused by an administrator who neither requested nor needed it.

Office personnel stated that they plan to assign the television to an employee or send it to surplus. Management stated the televisions were needed to monitor the news and work-related videos, although we noted the director and the auditorium also had televisions. Personnel stated one refrigerator and the icemaker were used for fire service and training events hosted by the Office and the picnic table was used for an outdoor smoking area, although we noted other refrigerators and picnic tables were already available.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires that agencies establish internal fiscal and administrative controls to provide assurance that resources are used efficiently; and funds and property are safeguarded against waste. Good internal controls require operations be conducted in an economical, efficient, and effective manner and that State resources not be wasted.

Failure to maintain accurate property control records increases the potential that a loss or theft of State property could occur and not be detected. Inaccurate and untimely property reporting reduces the reliability of statewide property information. Failure to limit purchases to necessary equipment can be costly to the State and is an inefficient use of State resources. (Finding Code No. 06-16, 04-7)

RECOMMENDATION

We recommend the Office strengthen internal controls over equipment and ensure all equipment is accurately and timely recorded on the Office's property records. Also, the Office should follow Statewide Accounting Management System procedures for completing accounting reports pertaining to Quarterly Reports of State Property. Further, Office personnel should implement appropriate procedures to ensure all property is necessary and adequately utilized or transferred to surplus.

OFFICE RESPONSE

Agreed. The Office changed to a new record-keeping system during the audit period in an attempt to strengthen controls and facilitate reporting.

06-17. **FINDING** (Failure to complete accounting for leases-lessee information)

The Office of the State Fire Marshal (Office) did not prepare and submit the accounting for leases-lessee information for leased equipment items with the Illinois Office of the State Comptroller.

The Office did not file an Accounting for Leases-Lessee form (SCO-560) with the IOC during the examination period for five leased equipment items totaling \$45,133. The items, four copiers and a mail processing machine, each had a fair market value of greater than \$5,000.

The Statewide Accounting Management System (SAMS) (Procedure 27.20.60) and (Procedure 29.10.30) states that all agencies who lease property must complete an SCO-560 for each multiple-period lease in which the asset being leased has a fair market value greater than \$5,000 in order to determine if the lease is a capital or an operating lease and to calculate commitments for future years.

Office personnel stated that there was some confusion as to the requirements to complete and submit the SCO-560. Also, the Office did not file the form for the mail processing machine until July 2006 due to oversight.

Failure to submit information to the Comptroller's Office increases the risk that information will not be fairly stated and commitments for future years will not be calculated correctly. (Finding Code No. 06-17)

RECOMMENDATION

We recommend the Office comply with the Statewide Accounting Management System and submit the required accounting reports to the Office of the State Comptroller.

OFFICE RESPONSE

Agreed. The Office will complete the proper forms if any leased items are acquired in the future.

06-18. **FINDING** (Failure to file surplus furniture affidavits)

The Office of the State Fire Marshal (Office) did not file surplus furniture affidavits with the State Surplus Administrator.

We noted the Office did not file surplus furniture affidavits for 6 of 25 (24%) equipment vouchers tested. These equipment purchases included 25 desks, 21 lateral files, 2 chairs, an office system and a conference table, which totaled \$53,625. Each item individually exceeded the \$500 threshold required for filing surplus furniture affidavits.

The State Property Control Act (30 ILCS 605/7a) requires agencies desiring to purchase new furniture to first check with the State Surplus Administrator if any of the surplus furniture under the administrator's control can be used in place of new furniture with a value of over \$500. If the agency finds that it is unable to use the surplus property, the agency must file an affidavit with the administrator prior to purchasing new furniture. The affidavit must contain the type of new furniture to be purchased, the quantity of each type of new furniture, the cost per type, the total cost per category and the reason for obtaining the new furniture as opposed to obtaining the item from surplus.

Office personnel stated that they were unaware of this requirement in the State Property Control Act, but affidavits will be filed in the future.

Compliance with the State Property Control Act is important so the Office does not make purchases of new furniture when comparable items may be available through State Surplus. (Finding Code No. 06-18)

RECOMMENDATION

We recommend the Office comply with the State Property Control Act as it relates to the purchase of furniture.

OFFICE RESPONSE

Agreed. The Office will file the affidavit as required in the future.

06-19. **FINDING** (Lack of disaster contingency planning or testing to ensure recovery of computer systems)

The Office of the State Fire Marshal (Office) did not have a disaster contingency plan and had not performed recovery testing of its computing environment within the examination period.

The Office carries out its mission through the use of information technology. Computer systems which support the Office’s mission include the Boiler and Pressure Vessel Accounts Receivable Application and the Storage Tank Registration Application.

Information technology guidance (including the National Institute of Standards and Technology and Government Accountability Office) endorse the formal development and testing of disaster recovery plans. Tests of a disaster recovery plan (and the associated documentation of the test results) verify that the plan, procedures, and resources provide the capability to recover critical systems within the required timeframe.

Management stated a lack of resources did not allow testing and development of a plan during the engagement period.

Failure to maintain and test the disaster recovery plan leaves the Office exposed to the possibility of major disruptions of services. A comprehensive test of the plan across all platforms utilized will assist management in identifying weaknesses to ensure recovery procedures are adequate in the event of a disaster. Continuous review and tests of the plan would help management ensure the plan is appropriately modified, as the Office’s computing environment and disaster recovery needs change. (Finding Code No. 06-19)

RECOMMENDATION

The Office should develop, obtain management approval, and test the disaster contingency plan. Also, the Office should perform and document tests of its plan at least once a year. Further, the plan should be continuously updated to reflect environmental changes and improvements identified from tests.

OFFICE RESPONSE

Agreed. The Office IT disaster plan has been partially developed and will be tested and in place in the future.

06-20. **FINDING** (Lack of computer security policies)

The Office of the State Fire Marshal (Office) did not maintain security policies and procedures to ensure its computer resources were adequately secured.

The Office did not maintain security policies and procedures which outlined the Office's security requirements, processes for granting and terminating access rights, and procedures to comply with current laws such as the Data Security on State Computers Act (20 ILCS 450) and Personal Information Protection Act (815 ILCS 530). Additionally, the Office had not developed a security awareness program or conducted security training during the examination period to ensure staff had a clear understanding of responsibilities.

Management stated a lack of resources did not allow for the development of policies and procedures.

Without the implementation of adequate computer security policies and procedures, there is a greater risk unauthorized access to resources may be gained and data destroyed. Prudent business practices dictate the Office strengthen its security policies to protect its assets and resources against unauthorized access and misuse. (Finding Code No. 06-20)

RECOMMENDATION

We recommend the Office develop computer security policies and procedures which reflect the current environment and address general security requirements, procedures, and current laws and regulations. Once the policies and procedures have been developed and approved, they should be distributed to all staff and monitored for compliance. All users should be required to sign a statement acknowledging they have read, understand, and agree to comply with the policies. In addition, the Office should develop a security awareness program and conduct security training.

OFFICE RESPONSE

Agreed. The Office IT security policies documentation is underway.

06-21. **FINDING** (Backlog of Boilers and Pressure Vessels)

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.

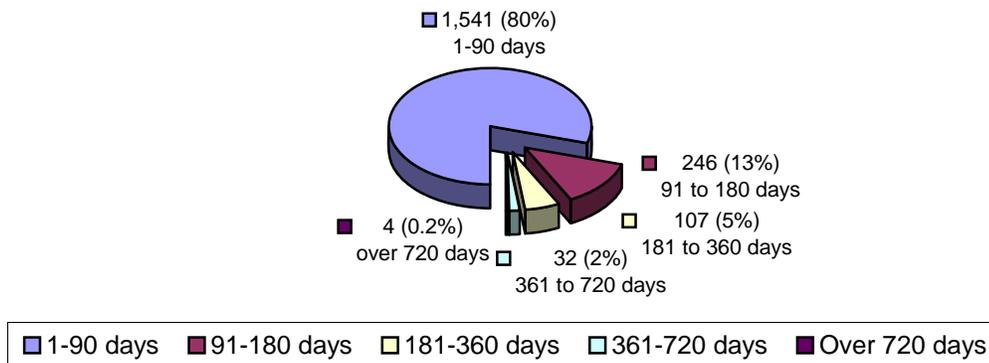
Thirty-five of fifty (70%) Boiler and Pressure Vessel inspections tested were not performed in a timely manner. These inspections were performed from 3 to 665 days late, with an average of 121 days late.

Of the approximately 37,500 boilers and pressure vessels required to be inspected by the Office, there was an inspection backlog of 5.1% as of June 30, 2006. However, the percentage of past due inspections decreased in the past 2 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%
• June 30, 2005	3,485	37,048	9.4%
• June 30, 2006	1,930	37,500*	5.1%

* The total boilers and vessels to be inspected was not available as of 6/30/06, and was estimated by Office staff based on data available at 3/31/06 and 7/31/06.

Furthermore, some of the required inspections were past due more than one year. The following chart illustrates the range of days past due for the 1,930 past due inspections as of June 30, 2006:



Management indicated that in prior years the past due inspections were due to a shortage of inspectors. The Office hired 3 additional inspectors in FY05 and another inspector in FY06 and are now catching up on the past due inspections. The average number of inspections performed for 2006 was 1,332 per inspector. As of June 30, 2006, the Office’s Boiler and Pressure Vessel Safety Division had an authorized headcount of 25 employees of which 24 positions were filled. Of the 24 filled positions, 17 were Boiler Inspectors. The following table indicates the number of Boiler and Pressure Vessel Safety inspectors employed by the Office during the past eight 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
• June 30, 2005	16
• June 30, 2006	17

Office management stated the inspection database only identifies an inspection as due on or after the certificate expiration date. Further, management stated they are pursuing an administrative rule change to allow inspections before certificates expire, and to allow a grace period before inspections are past due. Office management stated that they have been working to decrease the backlog through hiring more inspectors, requiring overtime, and prioritizing the oldest past due inspections. Personnel also stated that no violation situations were included in the backlog, which reduced safety risks.

Failure to perform inspections within the required timeframes is non-compliance with State statute. Additionally, the risk of a potential disaster increases when inspections are not performed on a timely basis. (Finding Code No. 06-21, 04-4, 02-5)

RECOMMENDATION

We recommend the Office continue working to reduce the backlog of inspections and implement necessary controls to identify and perform inspections in a timely manner.

OFFICE RESPONSE

Agreed. The Office agrees with the finding and will use the finding to help substantiate the needed rule change. The Office currently has the lowest past due level in several decades. No violations are included in our backlog.

06-22. **FINDING** (Noncompliance with Pyrotechnic Distributor and Operator Licensing Act)

The Office of the State Fire Marshal (Office) did not comply with licensing and fee provisions of the Pyrotechnic Distributor and Operator Licensing Act (Act).

During our review, we noted the following deficiencies:

- The Office did not issue the appropriate pyrotechnic license showing the name, address, and the photograph of the licensee and the dates of issuance and expiration as required by the Act. The Office notified operators and distributors, through letters, that they had been authorized, “on a temporary basis during the processing of applications, to conduct outdoor professional displays.” The letter, which served as a conditional license, did not include the photograph of the licensee, issuance, and expiration dates. The Office issued 546 conditional licenses between March 2006 and June 2006; however, no permanent licenses were issued as of January 29, 2007.
- The Office refunded pyrotechnic operators and distributors’ license fees totaling \$17,025, which are nonrefundable per the Act. The Office refunded \$75 of the \$100 operator’s licensing fee for 227 individuals who first took DNR’s explosive licensing course between January 1 and June 30, 2006.

The Act states "the Office, upon the applicant’s satisfactory completion of the requirements...shall issue the appropriate license showing the name, address, and the photograph of the licensee and the dates of issuance and expiration. The license shall include the name of the pyrotechnic distributor employing the lead pyrotechnic operator." The Act also states "all fees paid under this Act are nonrefundable." (225 ILCS 227/50)

Office personnel stated they could not issue permanent licenses until the administrative rules were approved by the Joint Committee on Administrative Rules. Management stated that licensing fees were partially refunded because the original fee structure was based on misinformation, which led to dual licensing requirements between the Office and the Department of Natural Resources. Further, management stated amendments to the administrative rules have been proposed to eliminate the dual licensing fees.

Failure to timely issue the required licenses with photographs and effective dates is noncompliance with the Act. Refunding licensing fees to pyrotechnic operators and distributors may result in a loss of income intended to cover the costs of program administration. (Finding Code No. 06-22)

RECOMMENDATION

We recommend the Office comply with the Act by timely issuing the appropriate licenses showing the name, address, and the photograph of the licensee and the dates of issuance and expiration. Furthermore, the Office should comply with the Act, which specifically states refunds are not authorized.

OFFICE RESPONSE

Agreed. After the legislation was passed, the Office was unable to roll out a viable program by the effective date. The finding reflects our attempts at a contingency that allowed the maximum compliance achievable in the short term.

06-23. **FINDING** (Failure to adopt rules for the administration and enforcement of elevator safety and installation laws)

The Office of the State Fire Marshal (Office) did not adopt rules for the administration and enforcement of elevator safety and installation standards during the examination period. The Elevator Safety Division was created in January 2003 to oversee the enforcement of elevator safety standards. We noted the following:

- The Office did not adopt rules during the examination period for the administration and enforcement of the Elevator Installation Act (Act) (430 ILCS 80/1 et seq.). This Act 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 had estimated that between 20,000 and 25,000 elevators in Illinois met the criteria of the Act. The Elevator Installation Act requires that “the provisions of this Act shall be enforced by the State Fire Marshal.”
- The Office did not adopt rules for the administration and enforcement of the Elevator Safety and Regulation Act (Act) (225 ILCS 312/1 et seq.). This Act covers the design, construction, operation, inspection, testing, maintenance, alteration, and repair of elevators, escalators and other lifting mechanisms. In addition, the Elevator Safety and Regulation Act requires the Office to adopt rules consistent with provisions of the Act for the administration and enforcement of the Act.

Office management stated that draft rules had been submitted to the Joint Committee on Administrative Rules on January 21, 2005, but were rejected on June 14, 2005 due to inconsistencies with the Acts. Emergency rules were developed and became effective July 21, 2006; however, they expired on December 18, 2006. As of the end of our fieldwork, the Office was still waiting for approval of final administrative rules.

Failure to adopt rules for the administration and enforcement of the Acts reduces oversight to ensure compliance with elevator safety standards and increases the risk that safety violations may not be detected and corrected. (Finding Code No. 06-23, 04-5, 02-7)

RECOMMENDATION

We recommend the Office work with the Joint Committee on Administrative Rules to adopt rules consistent with the Elevator Safety and Regulation Act and the Elevator Installation Act to facilitate proper enforcement and administration of these Acts.

OFFICE RESPONSE

Agreed. The rules and the legislation were found to be weak, and the Office did not attempt to roll out a program with inherent weaknesses. Once final rules were adopted (April 24, 2007), the Office was ready and able to operate the program.

06-24. **FINDING** (Failure to distribute arson fines)

The Office of the State Fire Marshal (Office) did not distribute arson fines received to the required fire departments and fire prevention districts for the purchase of fire suppression or fire investigation equipment.

Thirteen of 14 (93%) arson fines, totaling \$3,832, were not distributed among the fire departments or fire prevention districts that suppressed or investigated the related fires.

The Unified Code of Corrections (Code) states "moneys in the Fire Prevention Fund collected as additional fines under this Section shall be distributed by the Office of the State Fire Marshal to the fire department or fire protection district that suppressed or investigated the fire" (730 ILCS 5/5-9-1.12).

Office personnel stated insufficient information was provided to determine which fire department or prevention district should receive the distribution. Personnel stated that the Office first made phone calls, then sent out a mass mailing in August 2005 to all fire departments, seeking help in identifying which fire departments were entitled to the distributions.

Failure to identify and distribute arson fines among the required fire departments or fire prevention districts prevents the receipt of funds by those entities for the purchase of fire suppression or fire investigation equipment. (Finding Code No. 06-24)

RECOMMENDATION

We recommend the Office work with other State and local government entities to timely identify the fire units entitled to arson fines. Further, the Office should properly distribute funds among the fire departments or fire prevention districts that suppressed or investigated the related fires for the purchase of fire suppression or fire investigation equipment.

OFFICE RESPONSE

Agreed. The Office was not able to distribute these new monies during the audit period. Additional efforts are being made to distribute these grants to the proper recipient.

06-25. **FINDING** (Noncompliance with the Fire Sprinkler Contractor Licensing Act)

The Office of the State Fire Marshal (Office) did not ensure compliance with the Fire Sprinkler Contractor Licensing Act (Act) regarding notification to an applicant of the Office's intent to refuse to issue a license.

During our testing, we noted 2 of 2 (100%) applicants that were refused licensure were not notified by certified or registered mail as required by the Act. Further, the Office's administrative rules (41 Ill. Admin. Code 109.40) did not require that written notice be given by certified or registered mail.

The Fire Sprinkler Contractor Licensing Act (225 ILCS 317/70) requires the Office to give written notice by certified or registered mail to an applicant or licensee of the Office's intent to suspend, revoke or refuse to issue a license or to assess a fine. Individuals have 10 days after receipt of the notice of refusal to request an administrative hearing. Additionally, the Act (225 ILCS 317/55) requires the Office to promulgate, publish, and adopt rules as may be necessary for the proper enforcement of this Act.

Agency personnel stated that due to the program being new and due to a transition in upper management, the requirement of the statute was overlooked.

Failure to notify an applicant or licensee by certified or registered mail of licensure denial limits the Office's ability to prove that due process was followed. In addition, inadequate administrative rules, forms, and procedures increase the risk of future non-compliance with State statute. (Finding Code No. 06-25)

RECOMMENDATION

We recommend the Office adopt adequate administrative rules for the proper enforcement of the Fire Sprinkler Contractor Licensing Act. Further, the Office should notify applicants by certified or registered mail of its intent to refuse licensure as required by the Act.

OFFICE RESPONSE

Agreed. After the legislation was passed, the Office was unable to roll out a viable program by the effective date. The finding reflects our attempts at a contingency that allowed the maximum compliance achievable in the short term.

06-26. **FINDING** (Noncompliance with the Fire Sprinkler Dormitory Act)

The Office of the State Fire Marshal (Office) did not establish rules for the administration of the Fire Sprinkler Dormitory Revolving Loan Program.

The Fire Sprinkler Dormitory Act (110 ILCS 47/25) requires that the Office, along with the Illinois Finance Authority, adopt rules to administer the revolving loan program.

Office personnel stated that the rules had not been established due to the program not being funded, the absence of requests from universities for funding and the lack of resources to develop administrative procedures. Further, Office personnel stated that the FY07 and FY08 budgets do not include any provisions to initiate the Dormitory Sprinkler Program and it is unknown when the Office will have adequate resources available to draft the required administrative rules.

Failure to adopt rules prior to program implementation could cause the loan program to be inappropriately administered and is noncompliance with State statute. (Finding Code No. 06-26)

RECOMMENDATION

We recommend the Office adopt rules to administer the revolving loan program as required by the Fire Sprinkler Dormitory Act or seek legislative remedy.

OFFICE RESPONSE

Agreed.

06-27. **FINDING** (Noncompliance with the Petroleum Equipment Contractors Licensing Act)

The Office of the State Fire Marshal (Office) did not adopt rules setting minimum training requirements and did not require applicants to submit all information required by the Petroleum Equipment Contractors Licensing Act (Act) (225 ILCS 729/35). We noted the following:

- The Office did not adopt rules outlining the minimum amount of training required for personnel engaged in Underground Storage Tank (UST) activity regulated by the Act. The Act, which was effective July 11, 2002, requires the Office adopt such rules. In addition, the Office’s administrative rules state, “By calendar year 2005, the (Office) plans to develop...and adopt rules establishing an Illinois specific curriculum for the training of UST contractors” (41 Ill. Admin. Code 172.20(d)). Office personnel stated that rules have not been amended to address the statutory requirement due to a lack of funding and personnel.
- The Office did not obtain and maintain evidence of registration as an Illinois corporation, or evidence of compliance with the Assumed Business Name Act, for licensure applicants. The Act requires such evidence be submitted with each application for licensure as a petroleum equipment contractor. Office personnel stated they were unaware of the statutory requirement since it was not incorporated into the Office’s administrative rules for enforcing the law. The Office received 180 applications for licensure during Fiscal Years 2005 and 2006.

Failure to adopt required rules may result in a lack of necessary training to ensure the proper UST installation, testing, and maintenance for the safety of Illinois owners, operators, and citizens. Failure to obtain required evidence of each applicant’s registration as an Illinois corporation, or evidence of compliance with the Assumed Business Name Act, may lead to licensure of illegitimate or unqualified contractors. (Finding Code No. 06-27)

RECOMMENDATION

We recommend the Office adopt rules outlining the minimum amount of training as required by the Act. Further, the Office should obtain and maintain on file evidence of contractors’ registration as an Illinois corporation or evidence of compliance with the Assumed Business Name Act.

OFFICE RESPONSE

Agreed. The administrative rules place a requirement on licensure that effectively negates the need for separate review of minimum training. The Office will attempt to have the rules updated to reflect that decision. The Office will also attempt to amend rules to incorporate the on-line availability of the registration requirement.

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
PRIOR FINDINGS NOT REPEATED (STATE COMPLIANCE)
For the Two Years Ended June 30, 2006

06-28. **FINDING** (Inadequate controls over development/changes to computer applications)

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

During the current period, the Office did not conduct any third party development/changes to computer applications. (Finding Code No. 04-3, 02-4)

06-29. **FINDING** (Chief and Deputy Inspectors did not provide bonds)

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

During the current period, the applicable section of the Boiler and Pressure Safety Act was repealed effective May 8, 2006. (Finding Code No. 04-6, 02-8)

06-30. **FINDING** (Inaccurate depreciation reporting)

During the prior period, the Office incorrectly reported its depreciation of capital assets to the Office of the Comptroller.

During the current period, our testing indicated the Office correctly reported depreciation of capital assets to the Office of the Comptroller. (Finding Code No. 04-8)

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2006

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 2005 and the 2006 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 2004 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 Two Years Ended June 30, 2006

Federal Awards/Program Title	CFDA Number	2006	2005
Environmental Protection Agency:			
State and Tribal Underground Storage Tank Program	66.804	\$ 187,000	\$ 186,000
Department of Homeland Security			
Assistance to Firefighters Grant	97.044	63,000	39,000
Department of Homeland Security			
Pass Through from the Illinois Emergency Management Agency			
Homeland Security Grant Program	97.067	0	24,000
		<hr/>	<hr/>
Total Expenditures of Federal Awards		<u>\$ 250,000</u>	<u>\$ 249,000</u>

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, 2006

1. Significant Accounting Policies

(a) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards presents all the federal financial assistance programs of the State of Illinois, Office of the State Fire Marshal (Office), for the two years ended June 30, 2006.

(b) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting.

2. Description of Grant Program

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

State and Tribal Underground Storage Tank Program – CFDA # 66.804

The Office received federal funds from the U.S. Environmental Protection Agency under Subtitle I of the Resource Conservation and Recovery Act during FY05 and FY06. The purpose of this program is to develop and implement the Underground Storage Tank Program in Illinois.

Assistance to Firefighters Grant – CFDA # 97.044

The Office received federal funds from the Department of Homeland Security during FY05 and FY06. The purpose of this program is to provide assistance to fire departments of a State or tribal nation for the purpose of protecting the health and safety of the public and firefighting personnel against fire and fire-related hazards. The funds reimbursed the Office for an employee dedicated to overseeing grant administration.

Homeland Security Grant Program – CFDA # 97.067

The Office received federal funds passed through the Illinois Emergency Management Agency during FY05. The purpose of the program is to enhance the capacity of State and local emergency responders to prevent, respond to, and recover from weapons of mass destruction terrorism, incidents involving chemical, biological, radiological, nuclear, and explosive devices and cyber attacks. The funds were used to purchase Air Purified Respirators (APRs) for the field and senior employees.

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, 2006

3. Pass Through and Subrecipients

The Office received the Homeland Security Grant funds passed through the Illinois Emergency Management Agency. All other funds were received directly from U.S. Environmental Protection Agency and Department of Homeland Security.

The Office did not provide any awards to subrecipients.

4. Noncash Assistance

The Office did not receive any noncash assistance during FY05 and FY06.

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For The Fiscal Year Ended June 30, 2006

P.A. 94-0015 FISCAL YEAR 2006	Appropriations (Net of Transfers)	Lapse Period		Total Expenditures 14 Months Ended August 31	Balances Lapsed August 31
		Expenditures Through June 30	Expenditures July 1 to August 31		
Fund 047-Fire Prevention					
Division 01					
Personal Services	\$ 7,345,650	\$ 6,136,268	\$ 279,876	\$ 6,416,144	\$ 929,506
Employee Retirement					
Contributions Paid by Employer	94,700	43,417	-	43,417	51,283
State Contribution to State					
Employees' Retirement System	572,300	476,881	23,370	500,251	72,049
State Contributions to Social Security	444,900	375,913	17,332	393,245	51,655
Group Insurance	1,556,000	1,415,167	65,293	1,480,460	75,540
Contractual Services	766,850	658,351	78,596	736,947	29,903
Travel	120,750	111,555	9,174	120,729	21
Commodities	65,200	61,621	3,195	64,816	384
Printing	45,150	42,118	2,760	44,878	272
Equipment	1,410,000	123,470	627,110	750,580	659,420
Electronic Data Processing	1,257,500	277,247	157,676	434,923	822,577
Telecommunications	196,700	196,368	32	196,400	300
Operation of Automotive Equipment	260,000	204,046	40,083	244,129	15,871
Refunds	4,000	2,238	1,705	3,943	57
Fire Prevention Training	69,000	51,231	8,271	59,502	9,498
Fire Prevention Awareness Program	80,000	33,480	22,210	55,690	24,310
Arson Education & Seminars	42,000	26,596	14,579	41,175	825
New Fire Chiefs Training	32,000	24,321	2,124	26,445	5,555
Hearing Officers	25,000	4,614	-	4,614	20,386
Elevator Safety and Regulation Act	700,000	103,434	44,287	147,721	552,279
Life Safety Code Program	20,000	13,040	1,922	14,962	5,038
Risk Watch/Remember When Program	120,000	47,140	50,254	97,394	22,606
Nite Grant Program	286,000	503	65,528	66,031	219,969
Development of New Fire Districts					
Division 16					
Chicago Fire Department Training Program	\$ 1,875,900	\$ -	\$ 1,875,900	\$ 1,875,900	\$ -
Division 20					
Payments in Accordance With Public Act 93-0169	\$ 45,000	\$ -	\$ -	\$ -	\$ 45,000
Participants in the State Training Programs	750,000	750,000	-	750,000	-
Regional Training Grants	500,000	-	500,000	500,000	-
Total Fund 047	\$ 18,684,600	\$ 11,179,019	\$ 3,891,277	\$ 15,070,296	\$ 3,614,304

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

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For The Fiscal Year Ended June 30, 2006

P.A. 94-0015 FISCAL YEAR 2006	Appropriations (Net of Transfers)	Lapse Period		Total Expenditures 14 Months Ended August 31	Balances Lapsed August 31
		Expenditures Through June 30	Expenditures July 1 to August 31		
Fund 072-Underground Storage Tank					
Division 01					
Personal Services	\$ 1,578,950	\$ 1,126,699	\$ 61,786	\$ 1,188,485	\$ 390,465
Employee Retirement					
Contributions Paid by Employer	15,000	7,137	-	7,137	7,863
State Contribution to State					
Employees' Retirement System	123,200	87,866	4,820	92,686	30,514
State Contributions to Social Security	102,100	73,251	4,618	77,869	24,231
Group Insurance	319,000	273,232	22,763	295,995	23,005
Contractual Services	270,900	269,233	296	269,529	1,371
Travel	25,000	11,585	4,488	16,073	8,927
Commodities	8,000	8,000	-	8,000	-
Printing	6,000	2,023	775	2,798	3,202
Equipment	165,000	8,727	78,686	87,413	77,587
Electronic Data Processing	111,500	59,962	372	60,334	51,166
Telecommunications	47,000	36,319	10,673	46,992	8
Operation of Automotive Equipment	60,000	60,000	-	60,000	-
Refunds	50,000	2,700	-	2,700	47,300
Expenses of Hearing Officers	75,000	-	-	-	75,000
Division 20					
State's Underground Storage Program	\$ 550,000	\$ 412,500	\$ 137,500	\$ 550,000	\$ -
Total Fund 072	\$ 3,506,650	\$ 2,439,234	\$ 326,777	\$ 2,766,011	\$ 740,639

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

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For The Fiscal Year Ended June 30, 2006

P.A. 94-0015 FISCAL YEAR 2006	Appropriations (Net of Transfers)	Lapse Period		Balances Lapsed August 31
		Expenditures Through June 30	Expenditures July 1 to August 31	
Fund 114-Emergency Response Reimbursement				
Division 01				
Hazardous Material Emergency Response Reimbursement	\$ 5,000	\$ -	\$ -	\$ 5,000
Total Fund 114	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,000</u>
Fund 510-Illinois Firefighters' Memorial				
Division 01				
Firefighters' Memorial	\$ 185,000	\$ 4,207	\$ -	\$ 180,793
Total Fund 510	<u>\$ 185,000</u>	<u>\$ 4,207</u>	<u>\$ -</u>	<u>\$ 180,793</u>
Fund 580-Fire Prevention Division				
Division 01				
U.S. Resource Conservation and Recovery Act Underground Storage Program	\$ 257,700	\$ 187,000	\$ -	\$ 70,700
Total Fund 580	<u>\$ 257,700</u>	<u>\$ 187,000</u>	<u>\$ -</u>	<u>\$ 70,700</u>
Total Fiscal Year 2006	<u>\$ 22,638,950</u>	<u>\$ 13,809,460</u>	<u>\$ 4,218,054</u>	<u>\$ 18,027,514</u>

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

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For The Fiscal Year Ended June 30, 2005

P.A. 93-0842	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period		Total Expenditures 14 Months Ended August 31	Balances Lapsed August 31
			Expenditures July 1 to August 31	Expenditures August 31		
FISCAL YEAR 2005						
Fund 047-Fire Prevention						
Division 01						
Personal Services	\$ 6,609,039	\$ 5,671,532	\$ 279,708	\$ 5,951,240	\$ 657,799	
Employee Retirement						
Contributions Paid by Employer	200,000	117,881	3,670	121,551	78,449	
State Contribution to State						
Employees' Retirement System	1,064,484	913,524	45,084	958,608	105,876	
State Contributions to Social Security	414,365	359,447	17,302	376,749	37,616	
Group Insurance	1,548,350	1,251,687	64,417	1,316,104	232,246	
Contractual Services	259,192	211,686	18,345	230,031	29,161	
Travel	109,272	92,491	13,492	105,983	3,289	
Commodities	77,806	64,077	13,658	77,735	71	
Printing	40,754	37,022	3,152	40,174	580	
Equipment	409,854	58,204	333,768	391,972	17,882	
Electronic Data Processing	239,903	211,025	12,544	223,569	16,334	
Telecommunications	195,778	157,444	12,331	169,975	25,803	
Operation of Automotive Equipment	250,000	179,093	33,219	212,312	37,688	
Refunds	4,000	865	180	1,045	2,955	
Fire Prevention Training	33,667	14,722	1,275	15,997	17,670	
Fire Prevention Awareness Program	75,000	59,155	12,990	72,145	2,855	
Arson Education & Seminars	16,086	14,326	1,681	16,007	79	
New Fire Chiefs Training	25,000	23,981	999	24,980	20	
Hearing Officers	25,000	-	-	-	25,000	
Elevator Safety and Regulation Act	375,000	335,132	39,863	374,995	5	
Development of New Fire Districts	2,000	1,000	-	1,000	1,000	
Division 16						
Chicago Fire Department Training Program	\$ 1,646,900	\$ -	\$ 1,646,900	\$ 1,646,900	\$ -	
Division 20						
Payments in Accordance with Public Act 93-0163	\$ 45,000	\$ 450	\$ -	\$ 450	\$ 44,550	
Participants in the State Training Programs	550,000	550,000	-	550,000	-	
Regional Training Grants	300,000	218,870	81,130	300,000	-	
Total Fund 047	\$ 14,516,450	\$ 10,543,614	\$ 2,635,908	\$ 13,179,522	\$ 1,336,928	

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

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For The Fiscal Year Ended June 30, 2005

P. A. 93-0842 FISCAL YEAR 2005	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period		Total Expenditures 14 Months Ended August 31	Balances Lapsed August 31
			Expenditures July 1 to August 31	Expenditures August 31		
Fund 072-Underground Storage Tank						
Division 01						
Personal Services	\$ 1,334,100	\$ 958,011	\$ 48,887	\$ 1,006,898	\$ 327,202	
Employee Retirement						
Contributions Paid by Employer	40,100	21,016	779	21,795	18,305	
State Contribution to State						
Employees' Retirement System	214,900	151,223	7,880	159,103	55,797	
State Contributions to Social Security	102,100	71,331	3,650	74,981	27,119	
Group Insurance	319,000	229,250	39,880	269,130	49,870	
Contractual Services	40,876	40,670	-	40,670	206	
Travel	23,500	20,943	2,194	23,137	363	
Commodities	6,000	5,881	81	5,962	38	
Printing	2,600	2,600	-	2,600	-	
Equipment	161,500	22,562	138,938	161,500	-	
Electronic Data Processing	115,000	35,190	18,214	53,404	61,596	
Telecommunications	47,000	33,467	2,560	36,027	10,973	
Operation of Automotive Equipment	60,000	42,362	12,889	55,251	4,749	
Refunds	50,000	3,100	-	3,100	46,900	
Expenses of Hearing Officers	75,000	-	-	-	75,000	
Division 20						
State's Underground Storage Program	\$ 550,000	\$ 550,000	\$ -	\$ 550,000	\$ -	
Total Fund 072	<u>\$ 3,141,676</u>	<u>\$ 2,187,606</u>	<u>\$ 275,952</u>	<u>\$ 2,463,558</u>	<u>\$ 678,118</u>	

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

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For The Fiscal Year Ended June 30, 2005

P. A. 93-0842	Appropriations (Net of Transfers)	Lapse Period		Balances Lapsed August 31
		Expenditures Through June 30	Expenditures July 1 to August 31	
FISCAL YEAR 2005		Expenditures Through June 30	Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31
Fund 114-Emergency Response Reimbursement				
Division 01				
Hazardous Material Emergency Response Reimbursement	\$ 5,000	-	-	\$ 5,000
Total Fund 114	<u>\$ 5,000</u>	<u>-</u>	<u>-</u>	<u>\$ 5,000</u>
Fund 510-Illinois Firefighters' Memorial				
Division 01				
Firefighters' Memorial	\$ 50,000	-	\$ 50,000	\$ -
Total Fund 510	<u>\$ 50,000</u>	<u>-</u>	<u>\$ 50,000</u>	<u>\$ -</u>
Fund 580-Fire Prevention Division				
Division 01				
U.S. Resource Conservation and Recovery Act Underground Storage Program	\$ 299,800	\$ 185,385	\$ 24,306	\$ 209,691
Total Fund 580	<u>\$ 299,800</u>	<u>\$ 185,385</u>	<u>\$ 24,306</u>	<u>\$ 209,691</u>
Total Fiscal Year 2005	<u>\$ 18,012,926</u>	<u>\$ 12,916,605</u>	<u>\$ 2,986,166</u>	<u>\$ 15,902,771</u>

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

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		
	2006	2005	2004
	P.A. 94-0015	P.A. 93-0842	P.A. 93-0065
Fund 047-Fire Prevention			
Appropriations			
(Net of Transfers)	\$ 18,684,600	\$ 14,516,450	\$ 12,918,415
<u>Expenditures</u>			
Division 01			
Personal Services	\$ 6,416,144	\$ 5,951,240	\$ 5,289,990
Employee Retirement			
Contributions Paid by Employer	43,417	121,551	147,554
State Contribution to State			
Employees' Retirement System	500,251	958,608	699,447
State Contributions to Social Security	393,245	376,749	335,180
Group Insurance	1,480,460	1,316,104	998,976
Contractual Services	736,947	230,031	425,075
Travel	120,729	105,983	74,034
Commodities	64,816	77,735	55,509
Printing	44,878	40,174	30,919
Equipment	750,580	391,972	91,763
Electronic Data Processing	434,923	223,569	111,058
Telecommunications	196,400	169,975	163,890
Operation of Automotive Equipment	244,129	212,312	139,874
Refunds	3,943	1,045	2,335
Fire Prevention Training	59,502	15,997	24,464
Fire Prevention Awareness Program	55,690	72,145	75,624
Arson Education & Seminars	41,175	16,007	20,062
New Fire Chiefs Training	26,445	24,980	-
Hearing Officers	4,614	-	-
Elevator Safety and Regulation Act	147,721	374,995	210,236
Life Safety Code Program	14,962	-	-
Risk Watch/Remember When Program	97,394	-	-
Nite Grant Program	66,031	-	-
Development of New Fire Districts	-	1,000	500
Division 16			
Chicago Fire Department Training Program	\$ 1,875,900	\$ 1,646,900	\$ 1,397,100
Division 20			
Payments in Accordance with Public Act 93-0169	\$ -	\$ 450	\$ -
Participants in the State Training Programs	750,000	550,000	350,000
Regional Training Grants	500,000	300,000	150,000
Total Expenditures	<u>\$ 15,070,296</u>	<u>\$ 13,179,522</u>	<u>\$ 10,793,590</u>
Lapsed Balances	<u>\$ 3,614,304</u>	<u>\$ 1,336,928</u>	<u>\$ 2,124,825</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		
	2006	2005	2004
	P.A. 94-0015	P.A. 93-0842	P.A. 93-0065
Fund 072-Underground Storage Tank			
Appropriations			
(Net of Transfers)	\$ 3,506,650	\$ 3,141,676	\$ 2,994,364
<u>Expenditures</u>			
Division 01			
Personal Services	\$ 1,188,485	\$ 1,006,898	\$ 986,392
Employee Retirement			
Contributions Paid by Employer	7,137	21,795	27,589
State Contribution to State			
Employees' Retirement System	92,686	159,103	133,183
State Contributions to Social Security	77,869	74,981	73,740
Group Insurance	295,995	269,130	201,576
Contractual Services	269,529	40,670	201,353
Travel	16,073	23,137	8,922
Commodities	8,000	5,962	5,125
Printing	2,798	2,600	2,148
Equipment	87,413	161,500	21,486
Electronic Data Processing	60,334	53,404	27,903
Telecommunications	46,992	36,027	29,854
Operation of Automotive Equipment	60,000	55,251	32,896
Refunds	2,700	3,100	5,208
Expenses of Hearing Officers	-	-	-
Division 20			
State's Underground Storage Program	\$ 550,000	\$ 550,000	\$ 550,000
Total Expenditures	\$ 2,766,011	\$ 2,463,558	\$ 2,307,375
Lapsed Balances	\$ 740,639	\$ 678,118	\$ 686,989

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		
	2006	2005	2004
	P.A. 94-0015	P.A. 93-0842	P.A. 93-0065
Fund 114-Emergency Response Reimbursement			
Appropriations (Net of Transfers)	\$ 5,000	\$ 5,000	\$ 5,000
<u>Expenditures</u>			
Division 01			
Hazardous Material Emergency Response Reimbursement	\$ -	\$ -	\$ -
Total Expenditures	\$ -	\$ -	\$ -
Lapsed Balances	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 5,000</u>
Fund 510-Illinois Firefighters' Memorial			
Appropriations (Net of Transfers)	\$ 185,000	\$ 50,000	\$ 185,000
<u>Expenditures</u>			
Division 01			
Firefighters' Memorial	\$ 4,207	\$ 50,000	\$ 24,472
Total Expenditures	\$ 4,207	\$ 50,000	\$ 24,472
Lapsed Balances	<u>\$ 180,793</u>	<u>\$ -</u>	<u>\$ 160,528</u>
Fund 580-Fire Prevention Division			
Appropriations (Net of Transfers)	\$ 257,700	\$ 299,800	\$ 186,000
<u>Expenditures</u>			
Division 01			
U.S. Resource Conservation and Recovery Act Underground Storage Program	\$ 187,000	\$ 209,691	\$ 114,395
Total Expenditures	\$ 187,000	\$ 209,691	\$ 114,395
Lapsed Balances	<u>\$ 70,700</u>	<u>\$ 90,109</u>	<u>\$ 71,605</u>
Grand Total - All Funds			
Appropriations (Net of Transfers)	\$ 22,638,950	\$ 18,012,926	\$ 16,288,779
Total Expenditures	\$ 18,027,514	\$ 15,902,771	\$ 13,239,832
Lapsed Balances	<u>\$ 4,611,436</u>	<u>\$ 2,110,155</u>	<u>\$ 3,048,947</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		
	2006	2005	2004
	P.A. 94-0015	P.A. 93-0842	P.A. 93-0065
Salaries from the Comptroller's Executive Salary Appropriation			
For the State Fire Marshal	\$ 74,826	\$ 98,200	\$ 98,241
Total Expenditures from Comptroller's Executive Salaries Appropriation	<u>\$ 74,826</u>	<u>\$ 98,200</u>	<u>\$ 98,241</u>

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
SCHEDULE OF EFFICIENCY INITIATIVE PAYMENTS
For the Fiscal Year Ended June 30, 2005

<u>Procurement Efficiency Initiative</u>	<u>Amount</u>
Fire Prevention Fund - 047	
Contractual Services	\$ 1,102
Sub-Total	<u>\$ 1,102</u>
<u>Information Technology Initiatives</u>	
Fire Prevention Fund - 047	
Contractual Services	\$ 2,912
Equipment	7,717
Elevator Safety Lump Sum	153,533
Underground Storage Tank Fund - 072	
Telecommunication	\$ 7,184
Electronic Data Processing	4,559
Sub-Total	<u>\$ 175,905</u>
Grand Total	<u><u>\$ 177,007</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. There were no efficiency initiative payments in FY06.

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
SCHEDULE OF CHANGES IN STATE PROPERTY
For the Two Years Ended June 30, 2006

	Equipment
Balance at July 1, 2004	\$ 3,868,470
Additions	288,485
Deletions	(117,594)
Net Transfers	(103,086)
Balance at June 30, 2005	\$ 3,936,275
Balance at July 1, 2005	\$ 3,936,275
Additions	782,048
Deletions	(55,158)
Net Transfers	(551,173)
Balance at June 30, 2006	\$ 4,111,992

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,

General Revenue Fund - Fund 001	2006	2005	2004
Boiler Receipts	\$ 1,566,600	\$ 1,506,805	\$ 898,908
Total General Revenue Fund	<u>\$ 1,566,600</u>	<u>\$ 1,506,805</u>	<u>\$ 898,908</u>
Fire Prevention Fund - Fund 047			
Underground Storage Tank Permit Fees	\$ 557,100	\$ 467,050	\$ 535,150
Boiler Receipts	2,170,796	2,183,969	2,027,829
Subpoena & Miscellaneous Fees	5	58,796	33,420
Sprinkler Contractor License Fees	58,740	229,500	0
Fuel Hauler Fees	16,200	19,400	20,850
Fire Equipment Fees	88,620	90,380	84,990
Public Health	0	0	4,350
Reimbursement/Jury Duty & Recoveries	701	518	2,754
Other State Agencies	10,000	10,000	0
Department of Homeland Security	92,028	0	0
State Certification Exam Fees	27,500	0	0
Pyrotechnic Distributor & Operator License Fees	71,600	0	0
Copy Fees (FOIA)	32,344	0	0
Refunds	1,155	238	1,316
Total Fire Prevention Fund	<u>\$ 3,126,789</u>	<u>\$ 3,059,851</u>	<u>\$ 2,710,659</u>
Underground Storage Tank Fund - Fund 072			
Tank Registration	\$ 56,500	\$ 85,100	\$ 73,200
Subpoena Fees	0	0	125
Fines & Penalties	17,900	29,481	22,900
Reimbursement/Jury Duty & Recoveries	172	81	616
Refunds	0	0	2,181
Total Underground Storage Tank Fund	<u>\$ 74,572</u>	<u>\$ 114,662</u>	<u>\$ 99,022</u>
Fire Prevention Division Fund - Fund 580			
Environmental Protection Agency Grant	\$ 187,000	\$ 186,000	\$ 0
Emergency Management Agency Grant	24,307	0	0
Total Fire Prevention Division Fund	<u>\$ 211,307</u>	<u>\$ 186,000</u>	<u>\$ 0</u>
Grand Total All Funds	<u>\$ 4,979,268</u>	<u>\$ 4,867,318</u>	<u>\$ 3,708,589</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,

<u>General Revenue (001)</u>	<u>2006</u>	<u>2005</u>
Receipts per Departmental Records	\$ 1,566,600	\$ 1,506,805
Add: Deposits in Transit, Beginning of Year	0	0
Less: Deposits in Transit, End of Year	<u>(39,760)</u>	<u>0</u>
Deposits Recorded by the Comptroller	<u>\$ 1,526,840</u>	<u>\$ 1,506,805</u>
 <u>Fire Prevention (047)</u>		
Receipts per Department Records	\$ 3,126,789	\$ 3,059,851
Add: Deposits in Transit, Beginning of Year	205,456	163,787
Miscellaneous Adjustment	0	900
Less: Deposits in Transit, End of Year	<u>(114,814)</u>	<u>(205,456)</u>
Deposits Recorded by the Comptroller	<u>\$ 3,217,431</u>	<u>\$ 3,019,082</u>
 <u>Underground Storage Tank (072)</u>		
Receipts per Department Records	\$ 74,572	\$ 114,662
Add: Deposits in Transit, Beginning of Year	4,900	3,500
Miscellaneous Adjustment	0	512
Less: Deposits in Transit, End of Year	<u>0</u>	<u>(4,900)</u>
Deposits Recorded by the Comptroller	<u>\$ 79,472</u>	<u>\$ 113,774</u>
 <u>Fire Prevention Division Fund (580)</u>		
Receipts per Department Records	\$ 211,307	\$ 186,000
Add: Deposits in Transit, Beginning of Year	0	0
Less: Deposits in Transit, End of Year	<u>0</u>	<u>0</u>
Deposits Recorded by the Comptroller	<u>\$ 211,307</u>	<u>\$ 186,000</u>

Note: The Office did not prepare accurate reconciliations of agency receipts to Comptroller's Records.
(See finding 06-9)

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2006

Significant variances in expenditures were determined to be changes of \$10,000 and at least 20% between fiscal years, and are explained below

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2006 AND 2005

Fire Prevention Fund – 047
Division 01

Employee Retirement Contributions Paid by Employer – Employee retirement contributions paid by employer expenditures decreased during FY06 due to a reduction in the portion of State paid employee contributions.

State Contribution to State Employees' Retirement System – State contribution to State employees' retirement system expenditures decreased during FY06 due to the contribution percentage decreasing from 16.107% in FY05 to 7.792% in FY06.

Contractual Services – Contractual services expenditures increased during FY06 due to payments to Central Management Services (CMS) for consolidated facility charges such as rent and utilities.

Equipment – Equipment expenditures increased due to the Office purchasing and replacing equipment items during FY06. This included testing, safety and scientific apparatus, autos, office tools and supplies, and office furniture.

Electronic Data Processing – Electronic data processing expenditures increased during FY06 due to an ongoing Office-wide project to improve information technology services, hardware, and software.

Fire Prevention Training – Fire prevention training expenditures increased due to an increase in the amount of training for all employees during FY06.

Fire Prevention Awareness Program – Fire prevention awareness program expenditures decreased due to the re-use of materials from prior events to cut costs of public education programs. The Office also did not purchase as many giveaway items for fairs and other events during FY06.

Arson Education & Seminars – Arson education and seminars increased due to a larger amount of training for arson employees during FY06.

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2006

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2006 AND 2005 (CONTINUED)

Fire Prevention Fund – 047 (Cont.)

Division 01 (Cont.)

Elevator Safety and Regulation Act – Elevator Safety and Regulation Act expenditures decreased due to the Office making efficiency initiative payments in FY05 that were not required in FY06.

Life Safety Code Program – This was a new program and appropriation for FY06.

Risk Watch/Remember When Program – This was a new program and appropriation for FY06.

Nite Grant Program – This was a new grant program and appropriation for FY06.

Division 20

Participants in the State Training Programs – Participants in the State training programs expenditures increased during FY06 due to an increase in grant payments to fire departments for training seminars for fire protection personnel.

Regional Training Grants – Regional training grants expenditures increased during FY06 due to an increase in grant payments to fire departments for annual training expenses.

Underground Storage Tank – 072

Division 01

Employee Retirement Contributions Paid by Employer – Employee retirement contributions paid by employer expenditures decreased during FY06 due to a reduction in the portion of State paid employee contributions.

State Contribution to State Employees' Retirement System – State contribution to State employees' retirement system expenditures decreased during FY06 due to the contribution percentage decreasing from 16.107% in FY05 to 7.792% in FY06.

Contractual Services – Contractual services expenditures increased due to an increase in the contractual services budget during FY06 to pay CMS for consolidated facility charges such as rent and utilities.

Equipment – Equipment expenditures decreased during FY06 due to replacing many equipment items in the previous fiscal year.

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2006

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2006 AND 2005 (CONTINUED)

Underground Storage Tank – 072 (Cont.)
Division 01 (Cont.)

Telecommunications – Telecommunications expenditures increased during FY06 due increased rates charged by the Department of Central Management Services.

Illinois Firefighters' Memorial - 510
Division 01

Firefighters' Memorial – Firefighters' Memorial expenditures decreased because only the Office expenses were paid during FY06. Repayment requests from the Firefighters' Memorial Foundation during FY06 were not approved for payment.

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2006

Significant variances in expenditures were determined to be changes of \$10,000 and at least 20% between fiscal years, and are explained below

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2005 AND 2004

Fire Prevention Fund - 047
Division 01

State Contribution to State Employees' Retirement System – State contribution to State employees' retirement system expenditures increased during FY05 due to the contribution percentage increasing from 13.439% in FY04 to 16.107% in FY05.

Group Insurance – Group insurance expenditures increased due to variances in employee enrollment choices and benefit programs in addition to higher insurance costs during FY05.

Contractual Services – Contractual services expenditures decreased due to the FY05 appropriation being drastically reduced as a result of executive amendments by the Governor's Office of Management and Budget (GOMB).

Travel – Travel expenditures increased due to increased travel for training during FY05.

Commodities – Commodities expenditures increased due to the Office purchasing and replacing commodities during FY05, including protective clothing, office tools and supplies.

Equipment – Equipment expenditures increased due to the Office purchasing and replacing equipment items during FY05. This included testing, safety and scientific apparatus, autos, office tools, and office furniture.

Electronic Data Processing – Electronic data processing expenditures increased during FY05 due to an ongoing Office-wide project to improve information technology services, hardware, and software.

Operation of Automobile Equipment – Operation of automobile equipment expenditures increased due to increased gasoline costs during FY05.

New Fire Chiefs Training – This was a new program and appropriation during FY05.

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2006

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2005 AND 2004 (CONTINUED)

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

Elevator Safety and Regulation Act – Elevator Safety and Regulation Act expenditures increased during FY05 due to efficiency initiative payments made to Central Management Services (CMS) for future savings on the computer programs.

Division 20

Participants in the State Training Programs – Participants in the State training programs expenditures increased during FY05 due to an increase in grant payments to fire departments for training seminars for fire protection personnel.

Regional Training Grants – Regional training grants expenditures increased during FY05 partially due to an increase in grant payments to fire departments for annual training expenses. The increase was also due to the timing of payments for the training expenses.

Underground Storage Tank - 072
Division 01

Group Insurance – Group insurance expenditures increased due to variances in employee enrollment choices and benefit programs in addition to higher insurance costs during FY05.

Contractual Services – Contractual services expenditures decreased due to the FY05 appropriation being drastically reduced as a result of executive amendments by GOMB.

Travel – Travel expenditures increased due to an increase in travel costs for training during FY05.

Equipment – Equipment expenditures increased due to the Office purchasing and replacing equipment items. This included testing, safety and scientific apparatus, autos, office, and office furniture.

Electronic Data Processing – Electronic data processing expenditures increased during FY05 due to an ongoing Office-wide project to improve information technology services, hardware, and software.

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2006

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2005 AND 2004 (CONTINUED)

Underground Storage Tank – 072 (Cont.)
Division 01 (Cont.)

Operation of Automobile Equipment – Operation of automobile equipment expenditures increased due to increased gasoline costs during FY05.

Illinois Firefighters' Memorial - 510
Division 01

Firefighters' Memorial – Firefighters' Memorial expenditures increased due to an increased number of scholarships awarded during FY05.

Fire Prevention Division – 580
Division 01

U.S. Resource Conservation and Recovery Act Underground Storage Program – Expenditures increased during FY05 due to additional federal grant funds that were awarded to the Office. The grant expenditures were used to develop and implement the Underground Storage Tank Program in Illinois.

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Two Years Ended June 30, 2006

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

VARIATIONS IN RECEIPTS BETWEEN FISCAL YEARS 2006 AND 2005

Fire Prevention Fund – 047

Subpoena and Miscellaneous Fees – Subpoena and miscellaneous fees decreased during FY06 due to the Office creating another account for Freedom of Information Act (FOIA) receipts and exam fees, which were reported in this account in prior years.

Sprinkler Contractor License Fees – Sprinkler Contractor License Fees decreased during FY06 due to the biennial cycle of renewal fee assessments.

Department of Homeland Security – The Office established a new account during FY06 to receive grant money from the Federal Emergency Management Agency (FEMA) as partial reimbursement for an Office employee working for FEMA for fire-related matters. The Office received money from FEMA for both FY05 and FY06 during FY06.

State Certification Exam Fees – The Office created a new account for exam fees during FY06 to separate it from the “Subpoena and Miscellaneous Fees” category.

Pyrotechnic Distributor and Operator License Fees – The Pyrotechnic Distributor and Operator License Fee was established during FY06 per the Pyrotechnic Distributor and Operator Licensing Act (225 ILCS 227/35).

Copy Fees (FOIA) – The Office created a new account for FOIA requests during FY06 in order to separate the fees from the “Subpoena and Miscellaneous Fees” category.

Underground Storage Tank Fund– 072

Tank Registration – Tank registrations are driven by construction, development and economic trends. Additionally, the number of permits required by rule has declined.

Fines and Penalties – The decrease in FY06 was due to a lower number of fines and penalties assessed.

Fire Prevention Division Fund - 580

Emergency Management Agency (EMA) Grant – The Office received a one-time federal homeland security grant passed through from the Illinois EMA.

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Two Years Ended June 30, 2006

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

VARIATIONS IN RECEIPTS BETWEEN FISCAL YEARS 2005 AND 2004

General Revenue Fund - 001

Boiler Receipts – Boiler fees were doubled per Public Act 93-32 with half of the fees collected deposited into the General Revenue Fund. FY05 was the first full year the Act was in effect.

Fire Prevention Fund - 047

Subpoena and Miscellaneous Fees – Subpoena and miscellaneous fees increased during FY05 due to the collection of more copy fees related to FOIA requests.

Sprinkler Contractor License Fees – The Sprinkler Contractor License Fee became effective during FY05 per the Fire Sprinkler Contractor Licensing Act (225 ILCS 317/35).

Other State Agencies – This was a new receipt account established to account for the collection of fees from the Racing Board related to the inspections of five horse racing tracks performed by the Office.

Underground Storage Tank Fund - 072

Fines and Penalties – The increase in FY05 was due to a higher number of fines and penalties assessed.

Fire Prevention Division Fund – 580

Environmental Protection Agency Grant – In FY05 the Office resumed receiving federal funds from the U.S. Environmental Protection Agency to develop and implement the Underground Storage Tank Program in Illinois.

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Two Years Ended June 30, 2006

FISCAL YEAR 2006

Fire Prevention Fund – 047
Division 01

Equipment – Lapse period expenditures were due to several automobile purchases that were approved and ordered prior to June 30, but not paid until the lapse period.

Electronic Data Processing – Lapse period expenditures were due to several computer purchases that were approved and ordered prior to June 30, but were not paid until the lapse period. In addition, several invoices for computer services rendered prior to June 30 were received and paid during the lapse period.

Refunds – Lapse period expenditures were due to refunds requested for FY06 pyrotechnic distributors and operators licensing fees that were paid during the lapse period.

Fire Prevention Awareness Program – Lapse period expenditures were due to refunds requested that were paid during the lapse period. In addition, an invoice for a large FY06 printing job was paid for during the lapse period.

Arson Education & Seminars – Lapse period expenditures were due to several expenditures for travel related to training and one large equipment purchase that were approved and incurred prior to June 30, but not paid until the lapse period.

Elevator Safety and Regulation Act – Lapse period expenditures were due to an automobile purchase that was approved and ordered prior to June 30, but not paid until the lapse period.

Risk Watch/Remember When Program – Lapse period expenditures were due to several communications revolving fund consolidation payments to CMS and one large purchase of commodities that were approved and incurred prior to June 30, but not paid until the lapse period.

Nite Grant Program – Lapse period expenditures were due to invoices for training and contract work for fire incident reports that were approved and incurred prior to June 30, but not paid until the lapse period.

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Two Years Ended June 30, 2006

FISCAL YEAR 2006 (CONTINUED)

Fire Prevention Fund – 047 (Cont.)

Division 16

Chicago Fire Department Training Program – The lapse period expenditure was due to a single grant payment to Chicago Fire Department for training that occurred during FY06, but was not reimbursed until the lapse period.

Division 20

Regional Training Programs – The lapse period expenditure was due to reimbursement of expenses incurred for annual training conducted toward the end of the fiscal year, but not invoiced and paid until the lapse period.

Underground Storage Tank – 072

Division 01

Travel – Lapse period expenditures that were due to expenditures for travel related to training that were incurred prior to June 30, but not paid until the lapse period.

Printing – The lapse period expenditure was due to one large printing job that was approved and incurred prior to June 30, but not paid until the lapse period.

Equipment – Lapse period expenditures were due to an automobile purchase that was approved and ordered prior to June 30, but not paid until the lapse period.

Telecommunications – Lapse period expenditures that were due to payments to Central Management Services (CMS) for the rental of services and equipment that were incurred prior to June 30, but not paid until the lapse period.

Division 20

State Underground Storage Program – The lapse period expenditure was due to a single grant payment to the City of Chicago for the State Underground Storage Tank Program that occurred in FY06, but was not reimbursed until the lapse period.

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Two Years Ended June 30, 2006

FISCAL YEAR 2005

Fire Prevention Fund – 047

Division 01

Equipment – Lapse period expenditures were due to several automobile and furniture purchases that were approved and ordered prior to June 30, but not paid until the lapse period.

Division 16

Chicago Fire Department Training Program – The lapse period expenditure was due to a single grant payment to Chicago Fire Department for training that occurred during FY05, but was not reimbursed until the lapse period.

Division 20

Regional Training Programs – The lapse period expenditure was due to reimbursement of expenses incurred for annual training conducted toward the end of the fiscal year, but not invoiced and paid until the lapse period.

Underground Storage Tank – 072

Division 01

Equipment – Lapse period expenditures were due to automobile, gas monitors and furniture purchases that were received and approved prior to June 30, but not paid until the lapse period.

Electronic Data Processing – Lapse period expenditures were due to the purchases of supplies, software and consulting services that were incurred and approved prior to June 30, but were not paid until the lapse period.

Operation of Automotive Equipment – Lapse period expenditures were due to gasoline purchases and repairs that were incurred prior to June 30, but not invoiced until the lapse period.

Illinois Firefighters' Memorial - 510

Division 01

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

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
ANALYSIS OF ACCOUNTS RECEIVABLE
For the Fiscal Years Ended June 30,
(amounts expressed in thousands)

<u>Fire Prevention Fund - 047</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Age			
Current	\$ 311	\$ 409	\$ 348
1-30 days	34	38	33
31-90 days	54	41	33
91-180 days	56	24	29
181 days to 1 year	60	59	29
Over 1 year	<u>200</u>	<u>128</u>	<u>114</u>
Total	\$ 715	\$ 699	\$ 586
Less: Allowance for Doubtful Accounts	<u>260</u>	<u>187</u>	<u>143</u>
Net Accounts Receivable	<u>\$ 455</u>	<u>\$ 512</u>	<u>\$ 443</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	\$ 11	\$ 8	\$ 2
1-30 days	0	0	1
31-90 days	0	0	0
91-180 days	1	1	1
181 days to 1 year	8	1	1
Over 1 year	<u>33</u>	<u>11</u>	<u>12</u>
Total	\$ 53	\$ 21	\$ 17
Less: Allowance for Doubtful Accounts	<u>41</u>	<u>12</u>	<u>13</u>
Net Accounts Receivable	<u>\$ 12</u>	<u>\$ 9</u>	<u>\$ 4</u>

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

Note: The Office did not have adequate procedures to pursue collection on past due accounts.
(See finding 06-7)

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
ANALYSIS OF OPERATIONS
For the Two Years Ended June 30, 2006

AGENCY FUNCTIONS AND PLANNING PROGRAM

Agency 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 these 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 interacts 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.

Public Education: The division promotes public safety awareness by providing educational resources to the public and to the fire service through programs, presentations, education opportunities, and materials.

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
ANALYSIS OF OPERATIONS
For the Two Years Ended June 30, 2006

Technical Services: The division serves to support other operating divisions within the Office (primarily the Division of Petroleum and Chemical Safety and Division of Fire Prevention) as well as the fire service and general public with technical and engineering expertise in the form of plan and application review for regulated occupancies and installations.

Homeland Security: The division serves to ensure the Office has the capability within the organization and through the fire services to ensure terrorism and disaster preparedness is consistent with current trends in emergency management and to ensure an efficient operation is available to local government.

Agency Planning Program

The Office has its own planning program, which is reviewed and evaluated annually in conjunction with the Office's budget preparation. Short-term goals reflect the objectives of a more current nature to address improvements of 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, regulations, 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.

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
ANALYSIS OF OPERATIONS
For the Two Years Ended June 30, 2006

- 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

Office management generally appears to have established adequate operating programs to meet defined goals and objectives.

Management Audit of the State Fire Marshal’s Fire Investigations

House Resolution Number 486 directed the Auditor General to examine the timeliness of the Office’s investigations, policy or protocol statements and overtime compensation. The Management Audit contained seven recommendations of which the Office has fully implemented five and partially implemented one. The following discusses the status of the two recommendations that were not fully implemented during the current and prior examination 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 investigator’s caseloads and should document all requests for arson investigators. (Management Audit Recommendation Number 2)**

Current Status: 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. Further, management stated they were uncertain how to reduce the disparity of caseloads due to the locations of investigators and fires.

The disparity in arson investigators’ total caseloads has increased since fiscal year 1999, when caseloads ranged from 10 to 94 cases per investigator. Caseloads ranged from 33 to 203 cases during calendar year 2004 and between 21 to 197 cases in calendar year 2005. The total number of arson investigations during calendar year 2004 and 2005 were 1,091 and 1,293, respectively. However, management stated that the caseload data provided was not representative of investigator workloads, as it made no distinction between investigators who did or did not receive canine assistance. After removing

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
ANALYSIS OF OPERATIONS
For the Two Years Ended June 30, 2006

canine assisted cases, management stated the disparity in caseload was significantly reduced.

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)**

Current status: Office personnel stated that during the examination period, they notified the fire departments of their reporting responsibilities in several ways. Office personnel stated that the local fire departments had not submitted all of the required information during FY06. However, Office personnel stated that during FY07 they implemented the fire reporting requirements as a condition to receiving a newly established grant that would provide training and additional software for fire departments.

AVERAGE NUMBER OF EMPLOYEES

The following table, prepared from Agency records, presents the average number of employees, by function, for the Fiscal Years ended June 30,

<u>Division</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Administration	28	27	24
Arson Investigation	22	20	19
Boiler and Pressure Vessel Safety	23	22	18
Elevator Safety	1	3	1
Fire Marshal (Comptroller payroll)	1	1	1
Fire Prevention	29	30	27
Petroleum and Chemical Safety	27	26	23
Personnel Standards and Education	9	9	11
Public Education	2	0	0
Technical Services	2	0	0
Homeland Security	1	0	0
Total average full-time employees	<u>145</u>	<u>138</u>	<u>124</u>

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
SERVICE EFFORTS AND ACCOMPLISHMENTS
For the Years Ended June 30,
(Not Examined)

Arson Investigation Division

Mission Statement: To promote fire investigation and law enforcement services to the citizens of the State of Illinois through complete and thorough investigations, evidence collection and professional expert testimony in court proceedings.

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Investigations	1,369	1,193	1,064
Investigators as of June 30	19	18	16

Boiler and Pressure Vessel Safety Division

Mission Statement: To regulate the construction, installation, inspection and repair of boilers and pressure vessels to insure conformity with all adopted safety codes and standards.

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Boiler and Pressure Vessel Safety Inspections:			
State Inspections	22,641	21,214	18,535
Insurance Inspections	<u>22,717</u>	<u>24,095</u>	<u>25,575</u>
Total Inspections	<u><u>45,358</u></u>	<u><u>45,309</u></u>	<u><u>44,110</u></u>
Inspectors as of June 30	17	16	13

Fire Prevention Division

Mission Statement: To prevent the loss of life and damage to property through effective enforcement of State fire safety codes.

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Building Inspections	15,099	12,445	13,545
Building Inspectors as of June 30	19	14	20

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
SERVICE EFFORTS AND ACCOMPLISHMENTS
For the Years Ended June 30,
(Not Examined)

Personnel Standards and Education Division

Mission Statement: To promote and protect the health, safety and welfare of the public and to encourage and aid municipalities, counties and other local governmental agencies by maintaining a high level of training for fire service personnel.

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Certifications	11,066	9,645	9,278
Examinations	12,422	11,829	11,819
Average number of employees as of June 30	9	9	11

The Personnel Standards and Education Division also provides reimbursements to local fire departments for part of their training costs.

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Recipients			
Chicago	375,000	126,944	168,301
Other local departments	375,000	423,056	181,699
Fire Service Institute	<u>150,000</u>	<u>300,000</u>	<u>150,000</u>
Appropriated expenditure	<u><u>900,000</u></u>	<u><u>850,000</u></u>	<u><u>500,000</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.

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
SERVICE EFFORTS AND ACCOMPLISHMENTS
For the Fiscal Years Ended June 30,
(Not Examined)

Petroleum and Chemical Safety Division

Mission Statement: To protect the threat to human safety and contamination of the environment that can occur by the underground storage of petroleum products and other hazardous substances through prevention, education, and enforcement.

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Permits issued	1,816	2,077	1,899
UST Emergency responses and field investigations	660	1,029	804
Certification audits (initial visit)	2,259	2,547	2,016
Certification audits (multiple visit)	1,337	1,322	1,064
Notice of Violation	2,025	1,680	1,128
Underground Storage Tank (UST) inspections	4,413	3,438	3,122
Self Service/Unattended Inspections	1,671	759	N/A
Average number of employees as of June 30	27	26	23