

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

For the Two Years Ended June 30, 2008

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COMPLIANCE EXAMINATION
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STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
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AGENCY OFFICIALS

State Fire Marshal	Mr. David Foreman
Deputy Director	Mr. Joseph August
Chief of Staff	Mr. Dave DeFratis
Chief Fiscal Officer (Current)	Mr. Ronny Wickenhauser
Chief Fiscal Officer (During examination period)	Ms. Madeline Gumble
General Counsel	Mr. John Fennell

Agency offices are located at:

1035 Stevenson Drive
Springfield, Illinois 62703

JRTC, 100 W. Randolph
Suite 4-600
Chicago, Illinois 60601

2309 W. Main
Marion, Illinois 62959



Office of the State Fire Marshal

Honorable William G. Holland
Auditor General
Iles Park Plaza
740 East Ash Street
Springfield, IL 62703

June 29, 2009

Auditor General 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 Office of the State Fire Marshal (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, 2008. Based on this evaluation, we assert that during the years ended June 30, 2007 and June 30, 2008, the Agency has materially complied with the assertions below.

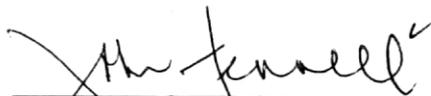
- A. The Agency has obligated, expended, received and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Agency has obligated, expended, received and used public funds of the State in accordance with any limitations,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


David B. Foreman, Fire Marshal


Ronny Wickerhauser, Fiscal Officer


John Fennell, Legal Counsel

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2008

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.

ACCOUNTANTS' 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>Current Report</u>	<u>Prior Report</u>
Findings	29	27
Repeated findings	17	6
Prior recommendations implemented or not repeated	10	3

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

SCHEDULE OF FINDINGS

FINDINGS (STATE COMPLIANCE)

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
		<u>Contractual Services</u>	
08-1	12	Lack of controls over Firefighters Memorial Fund distributions	Significant Deficiency and Noncompliance
08-2	15	Inadequate controls over contractual agreements	Significant Deficiency and Noncompliance
		<u>Appropriations and Accounting</u>	
08-3	17	Inappropriate use of appropriated funds	Significant Deficiency and Noncompliance

08-4	18	Inaccurate accounting records	Significant Deficiency and Noncompliance
		<u>Revenues and Receivables</u>	
08-5	20	Failure to perform monthly revenues reconciliations	Significant Deficiency and Noncompliance
08-6	21	Inadequate collection and reporting of accounts receivable	Significant Deficiency and Noncompliance
08-7	24	Inaccurate Fee Imposition Report	Significant Deficiency and Noncompliance
		<u>Expenditures and Property Control</u>	
08-8	26	Inadequate controls over travel	Significant Deficiency and Noncompliance
08-9	28	Inadequate control over the purchase, recording and reporting of State property	Significant Deficiency and Noncompliance
08-10	31	Voucher processing weaknesses	Significant Deficiency and Noncompliance
		<u>Personal Services</u>	
08-11	34	Performance evaluations not completed and inaccurate job descriptions	Significant Deficiency and Noncompliance
08-12	36	Lack of controls over employees' accrual and use of employee leave time	Significant Deficiency and Noncompliance
		<u>Information Systems</u>	
08-13	38	Lack of disaster contingency planning or testing to ensure recovery of computer systems	Significant Deficiency and Noncompliance
08-14	40	Lack of computer security policies	Significant Deficiency and Noncompliance
		<u>Statutory Mandates</u>	
08-15	42	Noncompliance with the Petroleum Equipment Contractors Licensing Act	Significant Deficiency and Noncompliance
08-16	45	Noncompliance with the Fire Sprinkler Contractor Licensing Act	Significant Deficiency and Noncompliance

08-17	46	Rules not established for the administration of the Fire Sprinkler Dormitory Revolving Loan Program	Significant Deficiency and Noncompliance
08-18	47	Lack of rules for the administration and enforcement of elevator installation standards	Significant Deficiency and Noncompliance
08-19	49	Noncompliance with the Elevator Safety and Regulation Act	Significant Deficiency and Noncompliance
08-20	51	Failure to adopt new standards timely	Significant Deficiency and Noncompliance
08-21	53	Lack of appointed members on the State Fire Marshal's Elevator Safety Board	Significant Deficiency and Noncompliance
08-22	55	Failure to adopt all required rules for or exercise adequate control over applications for boiler and pressure vessel repair licensure	Material Weakness and Material Noncompliance
08-23	58	Inspections of boilers and pressure vessels not performed timely	Significant Deficiency and Noncompliance
08-24	60	Failure to timely reimburse for firefighter training	Significant Deficiency and Noncompliance
08-25	61	Board not fully seated	Significant Deficiency and Noncompliance
08-26	62	Failure to maintain administrative panel	Significant Deficiency and Noncompliance
08-27	64	Failure to implement changes to the Fire Equipment Exchange Program timely	Significant Deficiency and Noncompliance
08-28	65	Failure to distribute arson fines	Significant Deficiency and Noncompliance
08-29	67	Noncompliance with the Pyrotechnic Distributor and Operator Licensing Act	Significant Deficiency and Noncompliance

PRIOR FINDINGS NOT REPEATED

A	70	Lack of documentation for interagency agreement
B	70	Inadequate controls over employees
C	70	Inadequate controls over receipt processing and refunds
D	71	Inadequate controls over the purchase and use of vehicles
E	71	Inaccurate and untimely reporting of vehicle assignments
F	71	Efficiency Initiative Payments
G	72	Unreasonable reimbursements
H	72	Noncompliance with federal grant agreement
I	72	Failure to complete accounting for leases-lessee information
J	72	Failure to file surplus furniture affidavits

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an exit conference on June 16, 2009. Attending were:

Office of the Auditor General

Lisa Warden, Audit Manager
Courtney Dzierwa, Audit Supervisor
Blake Reed, Auditor
Winnie Xu, Auditor
Stephanie Wildhaber, Auditor
Eliane Minor, Auditor

Office of the State Fire Marshal

Dave DeFraties, Chief of Staff
Joe August, Deputy Director
Ronny Wickenhauser, Chief Fiscal Officer
Marty Paul, State Procurement Officer
Jodi Schrage, Project Manager

Public Safety Shared Services Center

Mary Ann Bohlen, Assistant Deputy Director
Joseph Deady, Public Administration Intern

Responses to the recommendations were provided by Jodi Schrage in correspondence dated June 29, 2009.

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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, 2008. 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. 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.

We conducted our examination 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 listed in the first paragraph of this report 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.

As described in finding 08-22 in the accompanying schedule of findings, the State of Illinois, Office of the State Fire Marshal did not comply, in all material respects, with applicable laws and regulations. Compliance with such requirements is necessary, in our opinion, for the State of Illinois, Office of the State Fire Marshal to comply with the requirements listed in the first paragraph of this report.

In our opinion, except for the noncompliance described in the preceding paragraph, the State of Illinois, Office of the State Fire Marshal complied, in all material respects, with the requirements listed in the first paragraph of this report during the two years ended June 30, 2008. However, the results of our procedures disclosed other instances of noncompliance, 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 findings as findings 08-1, 08-2, 08-3, 08-4, 08-5, 08-6, 08-7, 08-8, 08-9, 08-10, 08-11, 08-12, 08-13, 08-14, 08-15, 08-16, 08-17, 08-18, 08-19, 8-21, 08-23, 08-24, 08-25, 08-26, 08-27, 08-28, and 08-29.

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 listed in the first paragraph of this report. 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 requirements listed in the first paragraph of this report 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, but not for the purpose of expressing an opinion on the effectiveness of the State of Illinois, Office of the State Fire Marshal's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Illinois, Office of the State Fire Marshal's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies and other deficiencies that we consider to be material weaknesses.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with the requirements listed in the first paragraph of this report on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to comply with the requirements listed in the first paragraph of this report such that there is more than a remote likelihood that noncompliance with a requirement that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance as described in the accompanying schedule of findings as findings 08-1, 08-2, 08-3, 08-4, 08-5, 08-6, 08-7, 08-8, 08-9, 08-10, 08-11, 08-12, 08-13, 08-14, 08-15, 08-16, 08-17, 08-18, 08-19, 08-20, 08-21, 08-22, 08-23, 08-24, 08-25, 08-26, 08-27, 08-28, and 08-29 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a requirement listed in the first paragraph of this report will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings, we consider item 08-22 to be a material weakness.

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

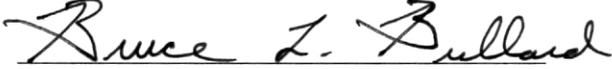
The State of Illinois, Office of the State Fire Marshal's response to the findings identified in our examination are described in the accompanying schedule of findings. We did not examine the State of Illinois, Office of the State Fire Marshal's response and, accordingly, we express no opinion on it.

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 2007 and the 2008 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 2006 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

June 29, 2009

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2008

08-1. **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 (Fund).

The Office expended \$16,064 and \$95,892 from the Fund during Fiscal Years 2007 and 2008, respectively. The Fiscal Year 2008 expenditures included direct payments to vendors, as well as a reimbursement of \$57,419 to the Firefighter Memorial Foundation (Foundation), pursuant to an annual contract. The Foundation is a separate not-for-profit charitable organization, located in Momence, Illinois, established under Section 501(c)(3) of the Internal Revenue Code. We noted the following:

- The Office inappropriately overcharged the Fund for telephone and communications services. Five vouchers for Office-wide services, totaling \$17,026, were paid entirely from the Fund without allocation to the responsible divisions or documentation of the portion related to the maintenance of the Illinois Firefighter Museum or other statutory purposes of the Fund. Office personnel stated there were seven phones at the museum, and paying a portion of telecommunication expenses from the Fund should be reasonable. However, personnel further stated that \$12,000 of the payments were excessive amounts paid by a former Office employee from the Fund for telecommunications expenditures.

The Illinois Vehicle Code (Code) (625 ILCS 5/3-634(d)) states monies in the Fund shall be used exclusively for maintaining the Illinois Firefighters' Memorial; holding an annual memorial commemoration and medal of honor ceremony and related activities; and providing scholarships to the children and spouses of firefighters killed in the line of duty. In addition, the Code (625 ILCS 5/3-634(e)) states no more than 10% of the annual proceeds of the Fund may, subject to appropriation and approval by the Secretary of State, be used for exhibits for and the maintenance of the Illinois Firefighter Museum.

- The Office's reimbursement to the Foundation for some Fiscal Year 2008 expenses, totaling \$57,419, included duplicate billings and disallowed costs, totaling \$15,595. We noted disallowed costs included two instances of duplicate billings, totaling \$14,630; Foundation fundraising expenses, totaling \$945; and non-profit organization filing fees, totaling \$20. Office personnel stated one instance of duplicate billing, totaling \$121 was noticed by the Office subsequent to payment. Personnel stated they notified the Foundation of the overpayment, and the Office will either utilize offset for the overpayment or the Foundation will reimburse the Office. Further, personnel stated the other duplicate billing was inadvertently overlooked, and the Office will seek reimbursement for the overpayment. In addition, personnel stated the fundraising

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2008

expenses were reimbursed due to oversight, and vendor filing fees were thought to be allowable costs.

The Fiscal Control and Internal Auditing Act (Act) (30 ILCS 10/3001) requires State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls, which shall provide assurance that funds, assets, and resources are safeguarded against waste, loss, unauthorized use, and misappropriation. Good internal controls require the Office review reimbursement requests for reasonableness and accuracy before approving reimbursement.

- The Office did not recoup \$612 in prior audit period overpayments made to the Foundation for inappropriate expenditures. Office personnel stated they have aggressively pursued prior year overpayments by offsetting prior year allowable expenses and obtaining a reimbursement from the Foundation; however, some unallowable expenses incurred during prior years were inadvertently overlooked during the review process. Good internal controls require the Office to aggressively pursue overpayments.

We noted the Office did recoup \$299,275 in prior overpayments and also appropriately documented its award of a sole source contract to the Foundation during the audit period to address some of the issues noted in prior finding 06-1.

Excessive and unallowable expenditures circumvent controls established by the State legislature and constitute noncompliance with the Illinois Vehicle Code. Failure to fully review all reimbursement requests for accuracy and reasonableness resulted in overpayments to the Foundation totaling \$15,595. Failure to properly identify and pursue all prior overpayments from the Fund decreases the likelihood of recovery. (Finding Code No. 08-1, 06-1)

RECOMMENDATION

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

- The Office ensures all expenditures from the Fund are reasonable, necessary, and in compliance with the purposes set forth in the Illinois Vehicle Code.
- The Office carefully review reimbursement requests received from the Foundation for reasonableness and duplicate billings before reimbursement is authorized.
- The Office work to recoup the overpayments totaling \$15,595 from the Foundation, as well as the \$612 overpayments from prior years.

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2008

OFFICE RESPONSE

Accepted.

In FY09 the Office stopped the practice of charging telephone and communications services to the Firefighters Memorial Fund.

The Office will offset overpayments as part of the FY09 reimbursement to the Foundation.

The Office will provide appropriate oversight of all expenditures.

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2008

08-2. **FINDING** (Inadequate controls over contractual agreements)

The Office of State Fire Marshal (Office) did not exercise adequate control over contractual agreements. We noted the following:

- The Office did not timely publish 1 of 9 (11%) notices of sole source contracts let or awarded in the Illinois Procurement Bulletin. Notice of this contract for \$61,000 was published 20 months late.

The Illinois Procurement Code (Code) (30 ILCS 500/20-25) states contracts may be awarded without the use of the specified method of source selection when there is only one economically feasible source for the item. At least 2 weeks before entering into a sole source contract, the purchasing agency shall publish a notice of intent to do so along with a description of the item to be procured and the intended sole source contractor.

- Six of 28 (21%) contracts tested, totaling \$273,265, were not approved prior to the performance of services or ordering of goods.

SAMS (Procedure 15.20.30) requires that contractors, an authorized representative of the State, and if applicable, a representative of the Department of Central Management Services, sign contracts before services are performed. Good internal control requires contracts be formally approved prior to order or delivery of goods or services to protect the legal and financial interests of the State.

- Two of 28 (7%) contracts tested, totaling \$49,471, did not include signature dates for all parties. As a result, we were unable to determine if one of the contracts was approved prior to the performance of services under the contract. For the other contract, support was provided to corroborate that no services were performed prior to contract execution.

The State Comptroller's Accounting Bulletin 124 requires every contract signature to be dated below the actual signature.

Office personnel stated the errors noted were due to oversight and miscommunications.

Failure to exercise adequate control over contractual agreements and procurement may result in the loss or misuse of State funds and may subject the State to unnecessary legal risks. Further, insufficient contractual control limits the availability of timely information, as well as the transparency and accountability for State transactions. (Finding Code No. 08-2, 06-3)

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2008

RECOMMENDATION

We recommend the Office comply with the Illinois Procurement Code and publish a notice of intent to enter into a sole source contract in the Illinois Procurement Bulletin at least 2 weeks before execution. We also recommend the Office strengthen controls and internal communication to ensure contractual agreements are signed and dated prior to the beginning of services and ordering of goods.

OFFICE RESPONSE

Accepted.

The sole source contract was executed 04/20/05 but not fully implemented until the final elevator rules were adopted. The Office is now in compliance with all sole source postings.

Office staff will not order goods related to contracts unless authorization is given by the SPO.

The SPO will review contracts to ensure parties affix the date after signatures.

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
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For the Two Years Ended June 30, 2008

08-3. **FINDING** (Inappropriate use of appropriated funds)

The Office of the State Fire Marshal (Office) improperly used funds appropriated by the General Assembly.

During Fiscal Year 2007, the Office received a lump sum appropriation from the Fire Prevention Fund (Fund 047) of \$25,000 for costs associated with hearing officers' expenses. However, we noted the Office processed 29 vouchers, totaling \$9,422, during Fiscal Year 2007 from this appropriation for refunds of overpayments received by the Office. The Office has appropriation line items specifically for refunds in both the Fund 047 and the Underground Storage Tank Fund (Fund 072).

Public Act 94-798 (Appropriation Act) designated the expenditure authority from which the Office was authorized to expend its Fiscal Year 2007 appropriation. The Appropriation Act specifically states that the lump sum appropriation line is to be used for hearing officers' expenses.

Office personnel stated the Office did not budget enough money for refunds and had to pay the overpayments back. Office personnel stated the money was paid out of the correct fund; however, the expenditures were not paid from the correct appropriation line.

Appropriations made by the General Assembly specify the purposes for which the public funds of the State may be expended. Expending money for costs other than those designated by the Appropriation Act is a violation of the appropriation process and limits legislative control. (Finding Code No. 08-3)

RECOMMENDATION

We recommend the Office limit expenditures from appropriated line items to the purpose for which they are appropriated. In addition, we recommend the Office utilize the appropriation transfer process or request supplemental appropriations when appropriations are insufficient to cover expenses incurred during the fiscal year.

OFFICE RESPONSE

Accepted.

The Office will utilize the appropriation transfer process.

Note: Public Safety Shared Services Center is now responsible for this process.

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2008

08-4. **FINDING** (Inaccurate accounting records)

The Office of the State Fire Marshal (Office) did not maintain accurate accounting records. In addition, the Office did not perform expenditure reconciliations timely and failed to report to the Office of the Comptroller differences between Office and Comptroller records.

We noted the Office's expenditure records were inaccurate and did not agree with the State Comptroller's records for four of 51 (8%) appropriation line items in Fiscal Year 2007 and three of 53 (6%) appropriation line items in Fiscal Year 2008. We noted some expenditures were not recorded in the correct fiscal years, and some expenditures were recorded for the wrong amount on Office records. The errors noted above resulted in the Office's expenditure records being overstated by a net \$23,085 and understated by a net \$3,534 for Fiscal Years 2007 and 2008, respectively.

The Fiscal Control and Internal Auditing Act (Act) (30 ILCS 10/3001) requires all state agencies establish and maintain a system, or systems, of internal fiscal and administrative controls, which shall provide assurance that expenditures applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources.

The above noted discrepancies could have been identified and corrected if the Office had performed timely monthly reconciliations of agency records to Comptroller records. However, we noted the Office did not perform monthly reconciliations of agency expenditures to Comptroller records in 14 of 14 (100%) months in Fiscal Year 2007, nor did the Office perform monthly reconciliations in a timely manner for four of 14 (29%) months in Fiscal Year 2008, as the four reconciliations were performed one to four months late. In addition, the Office did not prepare Reconciliation Exception Notifications (Form C-82) to report discrepancies noted between Office and Comptroller records.

Statewide Accounting Management System (SAMS) (Procedure 11.40.20) requires each agency to reconcile the unexpended budget authority balance per agency records with the unexpended budget authority balance per SAMS maintained by the Comptroller's Office monthly and notify the Comptroller of unreconcilable differences. SAMS further states the Monthly Appropriation Status Report should be reconciled on a timely basis to ensure the early detection and correction of errors, and a Form C-82 should be completed by the agency to report discrepancies to the Comptroller.

STATE OF ILLINOIS
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For the Two Years Ended June 30, 2008

Office personnel stated the errors in recording vouchers, the failure to perform monthly reconciliations timely, and the failure to report discrepancies occurred due to oversight, competing priorities and leaves of absence for fiscal personnel.

Failure to maintain accurate and complete expenditure records could result in expenditures made in excess of available appropriations and is noncompliance with the Fiscal Control and Internal Auditing Act. Failure to perform monthly reconciliations between agency records and Comptroller records impairs the agency's and the Comptroller's ability to identify possible errors and take corrective action to ensure accurate accounting of agency expenditures and is noncompliance with SAMS. (Finding Code No. 08-4)

RECOMMENDATION

We recommend the Office implement controls to ensure accurate and complete records of all expenditures are maintained as required by the Fiscal Control and Internal Auditing Act. In addition, we recommend the Office allocate sufficient staff to perform monthly reconciliations of agency expenditures to Comptroller records as required by SAMS.

OFFICE RESPONSE

Accepted.

The failure to perform FY07 monthly reconciliations timely was due to a leave of absence by our Supervisor Accountant and the lack of staff to act as a back-up to perform the required functions.

Note: Public Safety Shared Services Center is now responsible for this process.

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
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08-5. **FINDING** (Failure to perform monthly revenues reconciliations)

The Office of the State Fire Marshal (Office) did not perform monthly revenue reconciliations to the Comptroller's records during Fiscal Year 2007. The Office performed a single reconciliation for the entire Fiscal Year 2007. The Office collected receipts totaling \$5,747,720 during Fiscal Year 2007.

Statewide Accounting Management System (SAMS) (Procedure 25.40.20) requires each agency to reconcile its receipts records to Comptroller records on a monthly basis and to notify the Comptroller's Office of any unreconcilable differences noted so necessary corrective action can be taken to locate the differences and correct the accounting records.

Office personnel stated the failure to perform monthly reconciliations timely was due to a leave of absence by the responsible employee.

Failure to perform monthly reconciliations impairs the agency's ability to identify and correct errors and could result in inaccurate financial reports. (Finding Code No. 08-5)

RECOMMENDATION

We recommend the Office timely perform monthly reconciliations and report all irreconcilable differences to the Comptroller's Office in a timely manner.

OFFICE RESPONSE

Accepted.

The failure to perform FY07 monthly reconciliations timely was due to a leave of absence by our Supervisor Accountant and the lack of staff to act as a back-up to perform the required functions.

Note: Public Safety Shared Services Center is now responsible for this process.

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08-6. **FINDING** (Inadequate collection and reporting of accounts receivable)

The Office of the State Fire Marshal (Office) did not properly refer delinquent accounts receivable to the Comptroller's Offset System, nor did it accurately report accounts receivable information to the Office of the Comptroller (Comptroller).

At June 30, 2008, boiler and pressure vessel safety (BPV) and elevator inspection (inspection) receivables consisted of 9,550 accounts totaling \$798,000. Of this amount, \$219,000 (1,681 accounts) was greater than 180 days past due. At June 30, 2007, inspection receivables consisted of 7,248 accounts totaling \$682,000. Of this amount, \$252,000 (over 2,737 accounts) was greater than 180 days past due.

At June 30, 2008, underground storage tank (UST) receivables consisted of 17 accounts totaling \$35,350. Of this amount, \$25,450 (7 accounts) was greater than 180 days past due. At June 30, 2007, UST receivables consisted of 24 accounts totaling \$42,400. Of this amount, \$37,400 (18 accounts) was greater than 180 days past due.

During our testing, we noted the following deficiencies:

- 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, 2008, we noted 4 of 17 (24%) UST accounts over \$1,000 (totaling \$23,850) that were 180 to 1,394 days past due. The Office had not referred any of these accounts to the Comptroller's Offset System or outside collection agency during the examination period.
- Two of 8 (25%) quarterly Aging of Total Gross Receivable (C-98) reports did not include a breakdown of the age of the accounts receivables, and the total gross receivables reported on the C-98s were overstated by \$2,000 and \$3,000 for the quarters ending 9/30/06 and 12/31/06, respectively, when compared to supporting documentation provided by the Office.
- Six of 8 (75%) Accounts Receivable Activity Reports did not include the number of receivable accounts for elevator inspections.

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 Statewide Accounting Management System (SAMS) (Procedure 26.40.20) states that agencies must place all debts over \$1,000 and more than 90 days past due in the Comptroller's Offset System. SAMS (Procedure 26.20.10) states accounts receivable should be recognized when the State's claim for future cash is reasonably estimable and

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the amount due becomes measurable. SAMS also requires that detailed information related to accounts receivable should be maintained, and both the total amount and number of receivable accounts must be reported.

Office personnel 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. Office personnel also stated the instances noted above were attributable to competing priorities for fiscal personnel. Personnel stated that during the examination period, billings were sent more frequently, collection agencies assisted in collection efforts for BPV and Inspection receivables, and all uncollectible accounts over five years past due were written off to address portions of prior finding 06-7 which have not been repeated.

Failure of the Office to use the Comptroller's Offset System is noncompliance with the Act and SAMS. Failure to maintain accurate accounts receivable records and accurately report accounts receivable balances could lead to the failure to properly collect amounts owed to the State and inaccuracies in statewide financial reports. (Finding Code No. 08-6, 06-7, 04-9, 02-2, 00-1, 98-1, 96-1, 94-2, 92-2, 90-3, 90-9)

RECOMMENDATION

We recommend the Office strengthen procedures to collect debtor information when accounts receivable are established and allocate necessary resources to properly report and fully pursue collections on delinquent accounts receivable. We further recommend all eligible delinquent accounts be referred to the Comptroller's Offset System. Also, we recommend the Office carefully prepare and review accounts receivable reports to ensure accounts receivable are reported in accordance with SAMS procedures.

OFFICE RESPONSE

Accepted.

The Public Safety Shared Services Center sent boiler accounts older than 90 days to the outside collection agency.

The Office will work with Shared Services to complete applicable write-offs of accounts receivable.

The Office did send \$20,000 of the UST receivables to the Comptroller for offset in Fiscal Year 2009.

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The Office has also modified its systems to capture FEIN numbers, though it remains difficult to obtain FEIN numbers on old past due accounts, which is required for the Comptroller offset process.

Note: Public Safety Shared Services Center is now responsible for this process.

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08-7. **FINDING** (Inaccurate Fee Imposition Report)

The Office of the State Fire Marshal (Office) did not file an accurate Agency Fee Imposition Report (report) with the Office of the State Comptroller (Comptroller). During our testing, we noted the following:

- The Office did not include elevator permit fees collected, totaling \$403,420, in their Fiscal Year 2007 report. In addition, the Office understated one of the fees collected by \$17,000. As a result, the Office's Fiscal Year 2007 report was understated by \$420,420.
- The Office misclassified amounts collected for 9 of 13 (69%) fees collected. These errors had no effect on the amount of fees reported in the Office's Fiscal Year 2008 report. In addition, the Office reported the wrong revenue source for 1 of 13 (8%) fees reported in their Fiscal Year 2008 report.

The State Comptroller Act (Act) (15 ILCS 405/16.2(a)) requires those agencies that impose fees to file the report with the Comptroller at the time the Comptroller specifies by rule. Statewide Accounting Management System (SAMS) (Procedure 33.16.20) requires State agencies to file the report by August 1 with the agency'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.

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

Filing an inaccurate Agency Fee Imposition Report reduces the reliability of statewide fee information. (Finding Code No. 08-7, 06-8)

RECOMMENDATION

We recommend the Office carefully review to ensure all fees collected are reported and to ensure accuracy of the Agency Fee Imposition Report before submission to the Comptroller.

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OFFICE RESPONSE

Accepted.

The elevator program was new in FY07 and the fees were inadvertently left off the report.

Note: Public Safety Shared Service is now responsible for this report.

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08-8. **FINDING** (Inadequate controls over travel)

The Office of the State Fire Marshal (Office) did not exercise adequate control over its travel functions. We noted the following:

- Three instances of duplicate payments were made to three different employees, resulting in overpayments totaling \$469. In each instance, the employee was reimbursed twice for travel occurring on the same day but reported on separate travel vouchers. The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds and resources are safeguarded against waste, loss, unauthorized use, and misappropriation. Good internal controls require a thorough review of all travel vouchers to prevent duplicate travel payments.
- One of 25 (4%) travel vouchers tested did not have supporting documentation for lodging expenses of \$293 incurred by the traveler. The Illinois Administrative Code (Code) (80 Ill. Adm. Code 2800.240) requires travel vouchers to be supported by receipts in all instances for lodging. Statewide Accounting Management System (SAMS) (Procedure 17.10.20) requires each State agency to maintain all supporting documentation necessary to substantiate their expenditures.
- Three of 25 (12%) travel vouchers tested included claims for mileage reimbursement in excess of the usual route mileage by 11% to 62%, resulting in excess reimbursements to travelers totaling \$115. The travelers did not provide any explanations for the excess mileage. The Code (80 Ill. Adm. Code 2800.240) requires the reason for any distance in excess of the usual route between two points to be explained and detailed separately.
- Four of 25 (16%) travel vouchers tested, totaling \$1,390, did not include departure and arrival times. The Code (80 Ill. Adm. Code 2800.240) requires travel vouchers to include the dates and times of travel.
- One of four (25%) Traveler's Headquarters (TA-2) Reports was filed with the Legislative Audit Commission (LAC) 24 days late. The State Finance Act (30 ILCS 105/ 12-3) requires each State agency to file TA-2 reports by January 15 and July 15 of each year.

Office personnel stated the errors noted were due to oversight. Office personnel also stated they sent the original lodging receipts to the Office of the Comptroller and failed to make a copy for their own records. Office personnel also stated the TA-2 report was filed late due to oversight and competing priorities for the fiscal staff.

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Failure to exercise adequate internal controls over the review and payment of travel vouchers increases the risk that errors, double billing, and irregularities could occur and not be detected. Failure to file TA-2 reports timely delays the availability of information to the Legislative Audit Commission and is noncompliance with the State Finance Act. (Finding Code No. 08-8, 06-14)

RECOMMENDATION

We recommend the Office carefully review travel vouchers and maintain support to ensure receipt of travel support, reasonableness, and validity of travel claims prior to payment. In addition, we recommend the Office obtain reimbursement from the overpaid employees. We further recommend the Office implement procedures to ensure TA-2 reports are filed timely.

OFFICE RESPONSE

Accepted.

The Office collected \$469 of travel overpayments, obtained the missing lodging receipt from the hotel, and obtained explanations for the excess mileage. Staff has been reminded of proper procedures to help ensure travel guidelines are followed and proper payments are calculated. Additionally, the Office will follow recommendations to ensure all TA-2 reports are filed timely.

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- 08-9. **FINDING** (Inadequate control over the purchase, recording and reporting of State property)

The Office of the State Fire Marshal (Office) did not exercise adequate control over the purchase, recording and reporting of State property.

We noted the following during our review of the Office's equipment records:

- The Office utilized funds appropriated for costs and expenses related to or in support of the Public Safety Shared Services Center (PSSSC) to purchase a new folding and stuffing machine, totaling \$27,194, for the Office's Stevenson Drive location. Office personnel stated the old machine was sent to PSSSC because the employees at the location were in dire need of the machine. Further, Office personnel stated they chose to keep the new machine and send the old machine to PSSSC because the expense would not have been incurred if PSSSC had not needed a folding and stuffing machine.

Public Act 95-0348 (Appropriation Act) designated the expenditure authority from which the Office was authorized to expend its Fiscal Year 2008 appropriation. The Appropriation Act specifically states the lump sum is to be used for costs and expenses related to or in support of a public safety shared services center.

- Five of 50 (10%) items tested, totaling \$32,199, appeared on the Office's records but could not be found at the designated location within the Office. One of these items, the Office's old folding and stuffing machine, totaling \$22,025, was located at the PSSSC for use by Office employees who had been relocated to the PSSSC. Office personnel stated the other items were moved to another location but were not updated to reflect the changes due to time constraints and competing priorities for fiscal personnel.
- For 1 of 25 (4%) vouchers tested, the description of the purchased item on the invoice did not match the description of the item contained in the Office's records. Office personnel stated the mistake was due to employee error.

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.

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- The Office could not locate supporting documentation to verify the historical costs for 4 of 22 (18%) additions to property inventory tested, totaling \$8,152. Office personnel stated the documents could not be located because of the relocation to the Shared Services complex.

The State Records Act (5 ILCS 160/9) requires the Office preserve records containing adequate and proper documentation to support transactions.

We noted the following during our review of the Office's Quarterly Report of State Property (C-15's):

- We noted 5 items were added to the Office's equipment records multiple times, resulting in equipment overstatements totaling \$39,794. As a result, 4 of 8 (50%) C-15 reports prepared by the Office and submitted to the Office of the Comptroller (Comptroller) did not accurately reflect Office equipment transactions. Office personnel stated the errors were caused by inaccurate adjustments made to the equipment records and employee error.

Good internal controls require sufficient and properly designed accounting records be maintained to adequately control fiscal operations and provide reliable data for necessary management reports. Good internal controls require an agency to review all reported information for accuracy before submission. Statewide Accounting Management System (SAMS) (Procedure 29.20.10) requires an agency to report all additions, deletions, and net transfers affecting each asset class that occurred during the quarter being reported. SAMS (Procedure 29.10.30) also state the C-15 should present the total cost of State property, by category, reflected on the agency's records as of the reporting date.

- One of 8 (13%) C-15 reports prepared by the Office and submitted to the Comptroller did not accurately reflect Office equipment transactions. A \$1,338 transfer-in was reported as an addition. Office personnel stated the mistake was due to employee error.

Good business practices require an agency to review all reported information for accuracy before submission. 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.

- One of 8 (13%) C-15 reports tested was not timely filed with the Comptroller. The report was submitted 85 days late. Office personnel stated the report was submitted late due to oversight.

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SAMS (Procedure 29.20.10) requires State agencies to file a C-15 report on a quarterly basis with the Comptroller no later than the last day of the month following the last day of the quarter.

- Eight of 8 (100%) C-15 reports were initially filed with incorrect information and were revised and resubmitted 16 to 326 days later. Personnel stated original C-15s were completed with estimates due to staff shortages and other priorities.

SAMS (Procedure 29.10.10) requires C-15 reports reflect the current balance of fixed assets.

Expending money for costs other than those designated by the Appropriation Act is a violation of the appropriation process and limits legislative control. Failure to exercise adequate control over property and maintain accurate property control records increases the potential for fraud and possible loss or theft of State Property. Inaccurate and untimely property reporting reduces the reliability of statewide property information. (Finding Code No. 08-9, 06-16, 04-7)

RECOMMENDATION

We recommend the Office limit expenditures from appropriated line items to the purpose for which they are appropriated. We also 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 allocate sufficient resources and follow SAMS procedures to ensure accurate and timely completion of accounting reports and C-15s.

OFFICE RESPONSE

Accepted.

The Office has explored purchasing a new electronic inventory system that would automate the inventory process and increase the accuracy of records. However, this purchase has been put on hold due to budgetary constraints and the desire of the Public Safety Shared Services Center to consider purchasing a common inventory system that could be used by all Shared Services agencies.

Note: Public Safety Shared Services Center is now responsible for the inventory process.

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08-10. **FINDING** (Voucher processing weaknesses)

The Office of the State Fire Marshal (Office) did not exercise adequate controls over voucher processing. We noted the following:

- 44 of 367 (12%) vouchers tested, totaling \$294,873, were approved for payment from 1 to 146 days late. In addition, 6 of 367 vouchers tested were paid 20 to 110 days late, resulting in interest due of \$2,174. However, the Office paid total interest charges of only \$1,345 during the period.

The Illinois Administrative Code (Code) (74 Ill. Adm. Code 900.70) states that an agency shall review each vendor's bill and either deny the bill in whole or in part, ask for more information necessary to review the bill, or approve the bill in whole or in part within 30 days after physical receipt of the bill. In addition, good internal controls require vouchers be timely approved for payment. The State Prompt Payment Act (Act) (30 ILCS 540/3-2) states any bill approved for payment must be paid or the payment issued to the payee within 60 days of receipt of a proper bill or invoice. The Act further requires State agencies to determine whether interest is due and automatically pay interest penalties amounting to \$50 or more to the appropriate vendor when payment is not issued within 60 days after receipt of a proper bill.

- 26 of 367 (7%) vouchers tested, totaling \$167,437, were not signed and dated by the receiving officer.

Statewide Accounting Management System (SAMS) (Procedure 17.20.20) states each invoice-voucher, upon receipt of goods or services, must be signed by the receiving officer verifying goods or services meet the stated specifications.

- 12 of 367 (3%) vouchers tested, totaling \$90,308, were not coded with the proper SAMS detail object code.

SAMS (Procedure 11.10.50) states the purpose of assigning a correct detail object code is to report expenditure information at a more refined level within a common object.

- The Office paid a refund, totaling \$3,990, from Fiscal Year 2007 rather than Fiscal Year 2008 appropriations for a check that was received and recorded in Fiscal Year 2008.

Accounting Bulletin 139 states receipts received prior to 11:00 a.m., June 29, 2007, will be processed as Fiscal Year 2007 transactions. All receipts received after that time will

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be processed as Fiscal Year 2008 transactions. The receipt was received after June 29, 2007, so it should not have been refunded with Fiscal Year 2007 appropriations.

- The Office paid \$1,373 for lodging costs attributable to another State agency. We noted the Office initially disputed these lodging charges for an individual not employed by the Office, but eventually paid the entire balance without any documentation substantiating the Office's responsibility for the disputed charges.

The State Comptroller Act (Act) (15 ILCS 405/9(g)) states that "State agencies shall have the principal responsibility for the preaudit of their encumbrances, expenditures, and other transactions as otherwise required by law." SAMS (Procedures 17.10.30 and 17.10.20) require the responsible agency official to examine proposed financial transactions, certify their propriety, and maintain substantiating documentation.

- The Office could not provide the corresponding invoice for one voucher, totaling \$700. Therefore, it could not be tested for compliance with laws, rules, and regulations. The voucher was a payment for fire service banners for display at the fire museum during the Illinois State Fair.

The Illinois State Records Act (5 ILCS 160/9) requires the head of each agency establish and maintain a records management program, which shall include effective controls over the maintenance of records.

Office personnel also stated that the vouchers were approved late due to oversight, in addition to competing priorities. Office personnel stated that the lack of receiving officer signatures was due to employees not following office procedures. Office personnel stated that the improper SAMS codes and the refund paid in the wrong fiscal year were due to oversight. Office personnel stated the Office was required to pay lodging costs, despite the Office's protests, for a Governor's Office employee assigned to the DuQuoin State Fair, although no interagency agreement or other substantiating documentation was provided. Office personnel stated the missing invoice was due to personnel misplacing the documents.

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Failure to promptly approve vouchers may result in the late payment of bills and could cause the State to pay interest penalties. Failure to pay required interest on vouchers is noncompliance with the State Prompt Payment Act. The lack of a receiving officer's signature and date, inaccurate detail object codes, lack of agency head approval for expenditures greater than \$500, failure to ensure vouchers are properly completed, and lack of supporting documentation reduces the overall control over expenditures and may lead to inappropriate expenditures. Failure to pay for refund expenditures from the correct Fiscal Year fails to match current year expenditures with current year receipts, reducing the overall reliability and usefulness of financial information. (Finding Code No. 08-10)

RECOMMENDATION

We recommend the Office implement and maintain controls to ensure vouchers are signed off by receiving officers, timely approved by appropriate personnel, and vouchers contain accurate information and proper supporting documentation. Further, the Office should ensure all expenditures are paid out of the proper fiscal year's appropriations. We also recommend the Office automatically calculate and pay interest due.

OFFICE RESPONSE

Accepted.

The Office will ensure vouchers are signed and staff will be reminded of office policies and procedures.

Note: Public Safety Shared Services Center is now responsible for voucher processing.

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08-11. **FINDING** (Performance evaluations not completed and inaccurate job descriptions)

The Office of the State Fire Marshal (Office) did not conduct employee performance evaluations timely. In addition, the Office did not maintain current and accurate job descriptions for all employees. We tested 35 employee files and noted the following:

- Nine evaluations for six (17%) different employees were conducted 41 to 217 days late. In addition, three annual performance evaluations for 2 employees (6%) were not completed at all. Further, four probationary evaluations for 3 employees (9%) were not completed. Office personnel stated the untimely and uncompleted evaluations were the result of oversight. Office personnel stated that an evaluation was subsequently completed in August, 2008 for one of the employees who did not receive an annual evaluation during the examination.

Personnel rules (80 Ill. Admin. Code 302.270) require the Office to prepare an evaluation on employees not less often than annually. Personnel rules also require the Office to prepare and submit to the Department of Central Management Services two evaluations for any employee serving a six month probationary period, one at the end of the third month of the employee's probationary period and another fifteen days before the conclusion of the six month probationary period.

- Current and accurate job descriptions were not maintained for 2 employees (6%) tested. In these instances, the job descriptions, as documented in the employees' personnel files, did not accurately reflect the duties and objectives currently assigned to the employees. In addition, one of the employee's job title was incorrect, and the other employee's division name was incorrect. Office personnel stated job descriptions were not updated due to oversight.

Good internal controls require clearly defined job descriptions be used to assign responsibilities within an agency.

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. A lack of clearly defined job descriptions could reduce the efficiency of the Office's operations and lead to employee disagreements regarding assigned responsibilities. (Finding Code No. 08-11, 06-6)

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RECOMMENDATION

We recommend the Office take appropriate measures to ensure annual and probationary performance evaluations are conducted timely and documented for all employees as required. We further recommend the Office update job descriptions for all employees to accurately reflect the duties of each employee.

OFFICE RESPONSE

Accepted.

Shared Services is now notifying managers of upcoming evaluation due dates so evaluations are completed in a timely manner.

Note: Public Safety Shared Services Center is now responsible for maintaining job descriptions.

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08-12. **FINDING** (Lack of controls over employees' accrual and use of employee leave time)

The Office of the State Fire Marshal (Office) did not exercise adequate control over employees' 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 25 employees' compensatory time records, and EET records for eight of 31 employees allowed EET and noted the following:

- Four of 8 (50%) employees tested did not obtain advance approval to accrue EET. We noted 69 instances, totaling over 83 hours, where these employees did not obtain advance approval from their supervisor before accruing EET.
- Four of 8 (50%) employees tested did not accrue EET in hour or half hour increments as required. We noted 39 instances where these employees recorded EET earned in smaller increments, resulting in a 9.5 hour overstatement of EET recorded.
- EET and compensatory time earned for 12 of 33 (36%) employees tested was not recorded properly in the Central Time and Attendance System (CTAS) for 20 instances. In these instances, EET and compensatory time earned was posted to the employees' respective EET reports or time sheets by the employees, but CTAS records indicated different amounts of time earned. As a result, CTAS differed from EET and compensatory time reports by a combined 191 hours.
- Seven of 25 (28%) employees' time sheets did not include the supervisor's signature date. As a result, we could not determine if 328 hours of compensatory time earned were timely approved by the employee's supervisor.
- The Office could not locate two monthly time sheets for eight of its employees and one monthly time sheet for one of its employees. We also noted one instance for each of two employees where the employee's supervisor did not approve their weekly time sheet.

The Department of Central Management Services Personnel Rules (80 Ill. Adm. Code 310.100) states employees who are eligible for equivalent earned time shall request that time before working in excess of the hours per week indicated in the approved work

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schedule assigned to the employee. It also states equivalent earned time will accrue in no less than one-half hour increments. Good internal controls require employees to keep accurate records of overtime hours worked as support for reported EET and compensatory hours. The Fiscal Control and Internal Auditing Act (Act) (30 ILCS 10/3001) requires all state agencies establish and maintain a system, or systems, of internal fiscal and administrative controls, which shall prevent fraud, waste, and abuse and to maintain accountability over the State's resources. The Illinois State Records Act (5 ILCS 160/9) requires the head of each agency to establish and maintain an active, continuing program for the economical and efficient management of the records of the agency.

Office personnel stated the errors and omissions noted were due to oversight.

Failure to properly prepare, timely approve, and maintain accurate attendance records increases the risk of the Office allowing time off or paying for services not rendered by employees. (Finding Code No. 08-12, 06-5)

RECOMMENDATION

We recommend the Office remind employees of EET and compensatory time accrual and use policies to ensure employees are accurately recording their accrual and use of overtime. In addition, we recommend the Office remind all supervisors of the importance and necessity of reviewing and approving time sheets to ensure all EET and compensatory time transactions are recorded properly in CTAS, as well as documenting their timely review by dating their signatures. We further recommend the Office establish effective controls over the creation, maintenance, and use of attendance and leave time records in the conduct of current business.

OFFICE RESPONSE

Accepted.

Executive staff gave managers blanket approval to work Equivalent Earned Time (EET) to fully perform duties necessary to complete their division mission.

The Office is developing an Attendance Tracking System and Policy to ensure attendance records are maintained accurately and that employees are aware of all rules and agency policies.

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- 08-13. **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.

Although the Office had begun efforts associated with disaster contingency planning, including the development of a draft disaster contingency plan and planned implementation of technologies necessary for recovery within the environment, efforts have not been fully implemented and tested.

The Office carries out its mission through the use of information technology. Twelve different computer systems support the Office's mission, including 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 disaster recovery plans (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.

Office personnel stated a new information technology manager was hired in 2006 and first studied the Office's needs, prioritized tasks for completion, and then began work on disaster recovery, among other projects.

Failure to maintain and test the disaster recovery plans 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 reviews and tests of plans would help management ensure the plans are appropriately modified, as the Office's computing environment and disaster recovery needs change. (Finding Code No. 08-13, 06-19)

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RECOMMENDATION

We recommend the Office continue its efforts to develop, obtain management approval for, 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

Accepted.

The Office has procured and deployed an improved backup system, server virtualization and storage area network. The Office has developed an IT Disaster Recovery Plan. It will be approved and distributed to agency managers by June 30, 2009. It will be tested by Aug. 30, 2009.

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08-14. **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 had begun efforts to develop and implement security policies and procedures, as well as a security awareness program. However, the Office had not finalized, approved, or implemented 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). Nor had it fully developed and implemented a security awareness program and security training during the audit period to ensure staff had a clear understanding of responsibilities.

Generally accepted information systems audit guidance endorses the development of computer security policies that adequately address the current technological environment and present-day risks.

Office personnel stated a new information technology manager was hired in 2006 and first studied the Office's needs, prioritized tasks for completion, and then began work on security policies, among other projects.

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. 08-14, 06-20)

RECOMMENDATION

We recommend the Office continue its efforts to finalize 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.

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OFFICE RESPONSE

Accepted.

The Office developed OSFM IT PROCEDURES. It contains a section on Security Policies and Procedures. It was approved and distributed to all staff on 1/7/2009.

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08-15. **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).

The Office did not adopt any rules specifying the minimum amount of training required for the personnel engaged in Underground Storage Tank (UST) activities regulated under the Act.

In addition, we tested 42 applications for UST contractors' licensure (including 28 for renewal), and noted licenses were issued to all 42 applicants, despite the following deficiencies noted during our testing:

- Twenty-eight of 42 (67%) applications did not include evidence of registration as an Illinois corporation or evidence of compliance with the Assumed Business Name Act;
- Seven of 42 (17%) applications did not include a photo on evidence of a certification to support a passing score on the required OSFM approved exam;
- Six of 42 (14%) applications did not include evidence of successful completion of the initial 40-hour OSHA training and subsequent 8-hour refresher course;
- Four of 42 (10%) issued licenses did not include the physical address for the licensee;
- One of 42 (2%) applications did not include evidence of liability coverage; and
- Five of 28 (18%) applicants for renewal received refunds of fees paid under the Act, totaling \$3,050.

The Act (225 ILCS 729/35(c)), which was effective July 11, 2002, requires the Office to adopt rules outlining the minimum amount of training required for personnel engaged in UST activity regulated under the Act. 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. Adm. Code 172.20(d)).

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The Act (225 ILCS 729/35) and rules (41 Ill. Admin. Code 172.40) require applicants for a license to submit the following items to the Office:

- Evidence of registration as an Illinois corporation or evidence of compliance with the Assumed Business Name Act;
- Evidence of a passing score on the required OSFM approved exam for the module for which licensure is being sought. The evidence must be an original certification that includes a photo of the individual taking the exam;
- Proof of successful completion of initial 40-hour OSHA training and subsequent 8-hour refresher course; and
- Evidence of financial responsibility in a minimum amount of \$1,000,000 through liability insurance, self-insurance, group insurance, group self-insurance, or risk retention groups.

In addition, the Act (225 ILCS 729/45(a)) and Illinois Administrative Code (Code) (41 Ill. Adm. Code 172.90) state the Office shall issue licenses including the name and business location of the licensee. Furthermore, the Act states all fees paid are non-refundable (225 ILCS 729/45(c)).

Office personnel stated the discrepancies noted above were mainly due to oversight, misfiling, the burden on applicants, and unfamiliarity with and inconsistencies in the requirements of the Act and Code, including unfamiliarity with the non-refundable clause in the Act. Further, Office personnel believed licensure requirements in the rules were sufficient to meet Office needs, maintenance of Illinois specific training rules would be onerous, and future administrative rule changes would clarify minimum training requirements.

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 adequately review applications for all required information and qualifications could result in unqualified, unregistered, or uninsured individuals performing UST activities. (Finding Code No. 08-15, 06-27)

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RECOMMENDATION

We recommend the Office adopt rules outlining the minimum amount of training as required by the Act or seek statutory changes to the Act. Further, we recommend the Office thoroughly review all applications to ensure the applicants meet all of the required criteria before licensure is granted or renewed and maintain on file the supporting documentation. We also recommend the Office comply with the Act's prohibition of refunds, or seek statutory changes to the Act.

OFFICE RESPONSE

Accepted.

The Office will review the Act and Administrative Rules to become fully compliant.

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08-16. **FINDING** (Noncompliance with the Fire Sprinkler Contractor Licensing Act)

The Office of the State Fire Marshal (Office) did not timely notify licensees of the Office's intent to revoke licensure as required by the Fire Sprinkler Contractor Licensing Act (Act).

We noted the Office did not timely communicate its intention to revoke licensure by certified or registered mail for 9 of 9 (100%) instances tested. In four of these instances tested, the licensee was notified by certified or registered mail after the revocation had already occurred.

The 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. Individuals have 10 days after receipt of the notice to request an administrative hearing.

Office personnel stated that reminder letters were sent by US mail prior to license expiration, phone calls were made to attempt to avoid revocation, and that certified letters of revocation were sent subsequent to license revocation. Office personnel thought the process used was sufficient to satisfy statutory requirements.

Failure to notify a licensee by certified or registered mail of the Office's intent to revoke licensure limits the Office's ability to prove due process was followed. (Finding Code No. 08-16, 06-25)

RECOMMENDATION

We recommend the Office notify licensees by certified or registered mail of its intent to revoke licensure prior to revocation.

OFFICE RESPONSE

Accepted.

The Office will send intent to revoke letters via certified mail.

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- 08-17. **FINDING** (Rules not established for the administration of the Fire Sprinkler Dormitory Revolving Loan Program)

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) required that the Office, along with the Illinois Finance Authority, adopt rules to administer the revolving loan program.

Office management stated the Office had other higher priority projects and did not have enough personnel to write rules for a program which had not been funded.

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. 08-17, 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

Accepted.

The Office will work in conjunction with the Illinois Finance Authority to develop Administrative Rules.

Note: This is an unfunded program.

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- 08-18. **FINDING** (Lack of rules for the administration and enforcement of elevator installation standards)

The Office of the State Fire Marshal (Office) did not adopt rules for the administration and enforcement of elevator 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 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.”

Office personnel stated that the requirements of the Act have been superseded by the Elevator Safety and Regulation Act (225 ILCS 312/1 et seq.). Further, Office personnel stated the Act cannot be enforced due to the arcane nature of the equipment required and should be repealed. Personnel also stated that legislative changes in SB 149, which passed both houses on May 27, 2009, would repeal the Act.

Failure to adopt rules for the administration and enforcement of the Act reduces oversight to ensure compliance with elevator installation standards and increases the risk that safety violations may not be detected and corrected.

In addition, during the prior examination, we noted the Office did not adopt rules for the administration and enforcement of the Elevator Safety and Regulation Act (225 ILCS 312/1 et seq.). During the current examination period, we noted the Office did adopt rules for the administration and enforcement of the Elevator Safety and Regulation Act. These rules are codified in the Illinois Administrative Code (41 Ill. Adm. Code 1000). (Finding Code No. 08-18, 06-23, 04-5, 02-7)

RECOMMENDATION

We recommend the Office formally adopt administrative rules which are consistent with the provisions of the Act or seek legislative remedy to have the Act repealed.

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OFFICE RESPONSE

Accepted.

SB149, which passed both houses and is awaiting Governor's signature, would repeal the Elevator Installation Act.

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08-19. **FINDING** (Noncompliance with the Elevator Safety and Regulation Act)

The Elevator Safety Review Board (Board) within the Office of the State Fire Marshal (Office) did not develop an adequate enforcement program which met all requirements of the Elevator Safety and Regulation Act (Act).

The Act (225 ILCS 312/25) created the Board within the Office to consult with engineering authorities and organizations and adopt rules consistent with the provisions of the Act for the administration and enforcement of the Act. Other duties of the Board include adopting the latest editions of safety standards, granting exceptions and variances from the literal requirements of applicable codes, standards, and regulations, and establishing fee schedules for licenses, permits, certificates, and inspections.

The Act (225 ILCS 312/105(a)) requires the Board to develop an enforcement program to ensure compliance with rules and requirements referenced in the Act, including rules to identify covered locations, notification of violators, random on-site inspections, tests on existing installations, witnessing of periodic inspections and testing, and assisting in development of public awareness programs.

However, the Board's enforcement program, as executed by the Office, did not include all elements required by the Act. In addition, the administrative rules adopted by the Board state the Office "may" conduct certain enforcement activities which are required by the Act. As a result, we noted Office personnel did not conduct any random on-site inspections, test any existing installations, witness any periodic inspections and testing, or assist in the development of any public awareness programs.

Office management stated the Office only employed three inspectors for the entire State of Illinois. As a result, the Office's enforcement activities were limited to investigating accidents, monitoring municipality elevator registration programs and complaints, performing random on-site checks for elevator registrations and certificates of operation, and reviewing plans for permits and variances requested. Office management stated the Office lacked the manpower to conduct all of the enforcement activities as required by the Act, and estimated that approximately fifteen inspectors would be required to do so.

Failure to fully implement the enforcement program required by the Act increases the risk property owners and elevator repair personnel are not adhering to the provisions of the Act. Further, full implementation of the statutorily required enforcement program may increase public safety. (Finding Code No. 08-19)

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RECOMMENDATION

We recommend the Office take appropriate measures to implement all enforcement provisions as required by the Elevator Safety and Regulation Act.

OFFICE RESPONSE

Accepted.

The Office will seek additional resources to complement our existing enforcement activities.

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08-20. **FINDING** (Failure to adopt new standards timely)

The Elevator Safety Review Board (Board) within the Office of the State Fire Marshal (Office) failed to adopt new standards timely as required by the Elevator Safety and Regulation Act (Act).

The Elevator Safety Division was created in January 2003 to oversee the enforcement of elevator safety standards. The Office's Board is statutorily mandated to adopt rules for the enforcement of the Act (225 ILCS 312/35). During our review, we noted the Board had not adopted the following nationally recognized standards:

- The Standard for the Qualification of Elevator Inspectors (ASME QEI-1-2007), which became effective on December 21, 2007; and
- The Automated People Mover Standards (ASCE 21-2006), Part I, which became effective on May 1, 2006.

The Board adopted, and the Office directed the enforcement of, the 2004 and 2000 versions of these standards, respectively, effective August 2008, but had not adopted the 2007 and 2006 versions.

Effective August 31, 2007, the Act (225 ILCS 312/35) required the Board to adopt the latest editions of certain professional standards within six months after the effective date of those standards.

Office personnel stated the Board failed to adopt current standards due to oversight. Personnel further stated that legislative changes in SB 149, which passed both houses on May 27, 2009, would extend the timeframe for adopting professional standards from six months to twelve months after the standard's effective date.

Prompt adoption of updated nationally recognized standards is necessary to ensure the enforcement of the most current industry guidance and to ensure compliance with State statute. (Finding Code No. 08-20)

RECOMMENDATION

We recommend the Board keep abreast of nationally recognized safety code updates and timely adopt all applicable standards as required by the Act.

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OFFICE RESPONSE

Accepted.

The Board will adopt new standards timely as required by the Elevator Safety and Regulation Act.

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08-21. **FINDING** (Lack of appointed members on the State Fire Marshal's Elevator Safety Board)

The Office of the State Fire Marshal's (Office) Elevator Safety Board (Board) did not consist of 14 members as required by the Elevator Safety and Regulation Act (Act). In addition, the Board allowed two people to serve on the Board prior to formal appointment to the Board and allowed two Board members to serve terms inconsistent with the Act.

During our review, we noted the following deficiencies:

- The Board had four vacancies in positions to be filled by appointments made by the Governor. The Act (225 ILCS 312/25) requires the Board to be composed of 14 members, including one person representing the architectural design profession, one member representing the senior citizen population, one member representing a municipality in Illinois with a population of less than 25,000 people, and one member representing a municipality in Illinois with a population between 50,000 and 500,000 people.
- The Board allowed two individuals to serve on the Board prior to formal appointment to the Board. Those individuals began attending and participating in meetings in a voting capacity on July 1, 2005 as representatives of the fire service communities but were not formally appointed to the Board by the Office until July 2006. The Act (225 ILCS 312/25) states the Administrator of the Office shall appoint two members to represent fire service communities.
- The Board permitted three persons to serve terms inconsistent with the term lengths specified in the Act. Five Board members were appointed by the Governor to serve three-year terms. The Act (225 ILCS 312/25(b)) states of the members appointed by the Governor, two shall serve terms of three years. The additional members should have been appointed to initial terms of either one year, two years, or four years, consistent with the Act.

Management stated they have communicated vacancies to the Governor's Office on several occasions, but the vacancies remained unfilled. Management could not explain the reason for the other exceptions noted.

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Failure of the Board to be composed of 14 members is noncompliance with State statute, and limits the input into Board decisions by all parties intended by statute. Allowing individuals to participate in meetings and vote in official Board actions prior to appointment may subject the Board to questions regarding the legitimacy of actions taken by these individuals. Appointing persons for initial term lengths inconsistent with statute creates excessive Board member turnover at one time and increases the risk that multiple new appointments or an untimely appointment process could impede the activities and progress of the Board. (Finding Code No. 08-21)

RECOMMENDATION

We recommend the Board continue communications with the Governor's Office to request that the vacancies be filled for the proper term lengths. We also recommend the Board ensure members are appointed to term lengths consistent with the term lengths specified in the Act. We further recommend the Board ensure all persons have been formally appointed to the Board with appropriate term lengths before granting membership and voting privileges.

OFFICE RESPONSE

Accepted.

The Office will continue to reach out to the Governor's Office to fill the vacancies. The Office has corrected all term lengths for existing board members and will continue to comply with the term lengths consistent with the Act.

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- 08-22. **FINDING** (Failure to adopt all required rules for or exercise adequate control over applications for boiler and pressure vessel repair licensure)

The Office of the State Fire Marshal (Office) did not adopt all required rules for or exercise adequate control over its processing of applications for boiler and pressure vessel repair licensure.

The Boiler and Pressure Vessel Repairer Regulation Act (225 ILCS 203/35) requires applicants for licensure submit to the Office required fees, proof of insurance, certain business documents, and evidence of compliance with qualifications and standards established by the Board of Boiler and Pressure Vessel Rules (Board). The Board was created within the Office by the Boiler and Pressure Vessel Safety Act (430 ILCS 75/2) and is charged with establishing rules for licensure of boiler and pressure vessel repairers.

We tested 14 new applications for boiler and pressure vessel repair licensure, and noted licenses were issued to all 14 applicants, despite the following deficiencies noted during our testing:

- Ten of 14 (71%) application files did not include evidence of the name and registered address for the corporation and the name of the registered agents for the corporation;
- Ten of 14 (71%) application files did not include a copy of the articles of incorporation bearing the seal of the officer, in the jurisdiction in which the corporation is organized;
- Three of 14 (21%) application files did not include evidence of registration as an Illinois corporation or evidence of compliance with the Assumed Business Name Act;
- One of 14 (7%) application files did not include evidence of an affidavit stating the partnership had been legally formed;
- One of 14 (7%) application files did not include evidence of a letter of authority from the Illinois Secretary of State's Limited Partnership Office; and
- One of 14 (7%) application files did not include a listing of all limited partners.

The Illinois Administrative Code (Code) (41 Ill. Adm. Code 121.30) requires entities applying for boiler and pressure vessel repair licensure to submit the following information to the Office:

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- In the case of a corporation, the name and registered address for the corporation and the name of the registered agents for the corporation; copy of the articles of incorporation bearing the seal of the officer, in the jurisdiction in which the corporation is organized, whose duty it is to register corporations under the laws of that jurisdiction; and evidence of compliance with the Assumed Business Name Act;
- In the case of a partnership, an affidavit stating the partnership had been legally formed; and
- In the case of a limited partnership, a letter of authority from the Illinois Secretary of State's Limited Partnership Office and a listing of all limited partners.

In addition, we tested 25 renewing applicants for boiler and pressure vessel repair licensure, and noted licenses were issued to all 25 applicants, despite the following deficiencies noted during our testing:

- Nine of 25 (36%) application files did not include proof of financial responsibility;
- Six of 25 (24%) application files did not include evidence of a valid certificate of authorization to use the "R" repair symbol stamp;
- Three of 25 (12%) applicants were not assessed reinstatement fees of \$100 each to obtain licensure after their licenses expired and were renewed 69 to 194 days late; and
- One of 25 (4%) applicants did not apply for renewal on the form provided by the Office.

The Code (41 Ill. Adm. Code 121.30) requires entities applying for boiler and pressure vessel repair licensure to submit evidence of financial responsibility and a valid certificate of authorization to use the "R" repair symbol stamp. In addition, the Code (41 Ill. Adm. Code 121.100) requires reinstatement fees be assessed in instances where entities fail to renew their licenses within 60 days after the end of the license period. Further, the Act (225 ILCS 203/40) requires each application for licensure be in writing on a form prescribed by the Office.

In addition, of the 25 tested renewing applicants, 20 (80%) were for applicants who were registered under the laws of another state. However, the Office had not formally adopted rules governing the review of out of state applications for licensure as required by the Boiler and Pressure Vessel Repairer Regulation Act (Act). In the absence of other rules governing the licensure process for out of state applicants, these applications were processed as domestic applications.

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The Act (225 ILCS 203/45) requires the Board of Boiler and Pressure Vessel Rules to promulgate rules for licensure for applicants who are registered under the laws of another state. The Act states applicants may be licensed under the Act without examination, upon payment of the required fee, if the requirements for registration are substantially equal to the requirements in force in Illinois and that the state, territory, or country has similar rules for licensure.

Office management stated they were unfamiliar with the statutory requirements and found the administrative rules governing licensure impractical and unrealistic. Office management also stated they felt authorization to use the "R" repair stamp only applied to welded repairs and was an adequate method to determine if out of state applicants were qualified to perform boiler and pressure vessel repairs in Illinois. Management further stated one renewal was processed without the proper Office prescribed form due to oversight, and the Office has never assessed any reinstatement fees. Management stated certificates could be checked on-line; however, no evidence was maintained to document certificate validity was obtained or confirmed by staff.

Failure to adequately review applications for all required information and qualifications and to adopt rules governing licensure for out of state applicants could result in unqualified personnel performing boiler and pressure vessel repairs. Further, failure to obtain evidence of a valid certificate of authorization to use the "R" repair symbol stamp for welded repairs could pose a threat to public safety. Further, noncompliance with statutes circumvents controls implemented by the State legislature. (Finding Code No. 08-22)

RECOMMENDATION

We recommend the Office thoroughly review all applications to ensure the applicants meet all of the required criteria before licensure is granted or renewed, or seek amendment to the administrative rules for licensure. We also recommend Office personnel seek training to familiarize themselves with the statute and administrative rules governing the licensure process. In addition, we recommend rules be adopted governing the review of out of state applicants for licensure as required by the Act.

OFFICE RESPONSE

Accepted.

The Office will review our current license application and processes to become fully compliant with the Act.

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08-23. **FINDING** (Inspections of boilers and pressure vessels not performed timely)

The Office of the State Fire Marshal (Office) did not conduct inspections of boilers and pressure vessels in a timely manner.

Eighteen of fifty (36%) boiler and pressure vessel inspections tested were not performed in a timely manner. These inspections were performed from 12 to 68 days late, with an average of 26 days late.

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 tri-annually. The inspections can be performed by authorized insurance company officials or by trained inspectors of the Office.

Office management cited various reasons for late inspections, including difficulty in contacting owners to schedule inspections, and delays in order to coordinate inspections of sites in the same vicinity. Further, management stated the Office does not have control over insurance inspector schedules and therefore, the Office allowed a 30 day grace period to insurance company inspectors. Personnel stated Office administrative rules (41 Ill. Adm. Code 120.20(t)(3)) were amended in October 2008 to allow 90 days for administrative processing after inspection completion; however, the rules also require inspections be performed prior to the Inspection Certificate expiration date. Personnel also noted that the Office has significantly decreased the percentage of all past due inspections from over 9% in Fiscal Year 2005 to 2% in Fiscal Year 2008.

Failure to perform inspections within the required timeframes is noncompliance with State statute. In addition, the risk increases that an unsafe condition could occur when inspections are not performed on a timely basis. (Finding Code No. 08-23, 06-21, 04-4, 02-5)

RECOMMENDATION

We recommend the Office implement necessary controls to identify and perform inspections in a timely manner.

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OFFICE RESPONSE

Accepted.

The Office will continue to improve the timeliness of inspections and attempt to identify past due third party inspections and perform those that are more than 30 days past due.

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08-24. **FINDING** (Failure to timely reimburse for firefighter training)

The Office of the State Fire Marshal (Office) did not timely issue reimbursements for firefighter training as required by the Illinois Fire Protection Training Act (Act).

None of the 10 local governmental agencies and individuals tested who incurred eligible training costs during calendar year 2006 were reimbursed timely during Fiscal Year 2007. The reimbursements for calendar year 2006 training costs incurred by the tested local governmental agencies and individuals, totaling \$124,450, were issued 27 and 28 days late.

The Act (50 ILCS 740/10) requires the Office to reimburse local governmental agencies and individuals participating in the training program an amount equaling one-half of the total sum paid for allowable training costs during each year. These reimbursements are to be made no later than May 30th of the following year.

Office personnel stated until Fiscal Year 2008, they were unaware of the statutory requirement to issue the reimbursements by May 30th.

Failure to issue reimbursements timely increases the financial burden on the local governmental agencies and individuals who pay for training and is noncompliance with a State statute. (Finding Code No. 08-24)

RECOMMENDATION

We recommend the Office ensure all future reimbursements made under the Act are issued timely. We further recommend the Office identify and monitor statutory requirements and implement internal controls to ensure compliance.

OFFICE RESPONSE

Accepted.

The Office has reviewed internal processes to ensure reimbursements, as appropriations allow, are processed timely.

Note: The Office will work the Public Safety Shared Services Center to process reimbursements.

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08-25. **FINDING** (Board not fully seated)

The Fire Equipment Distributor and Employee Advisory Board (Board) did not consist of 9 members as required by the Fire Equipment Distributor and Employee Regulation Act of 2000 (Act).

The Board was statutorily created to serve in an advisory capacity to the State Fire Marshal and to propose additions or modifications to administrative rules adopted in conjunction with this Act whenever the majority of the members of the Board believe the rules are deficient for the proper administration of the Act.

The Board had one vacancy since May 2007 for a public member. The person who previously held this position on the Board resigned during Fiscal Year 2007, and the State Fire Marshal did not appoint anyone to fill the resulting vacancy. The Act (225 ILCS 216/25) requires the Board to be composed of 9 members, including a public member who is not licensed under the Act or a similar act of another jurisdiction and who has no connection with any business licensed under the Act. This public member of the Board is to be appointed by the State Fire Marshal.

Office personnel stated the vacancy has not been filled to date due to a lack of interest by the public in serving on the Board. Office personnel stated the public member vacancy has been announced at numerous Board meetings and has been communicated to numerous constituent organizations seeking candidates for the position without success.

Failure of the Board to be composed of 9 members is noncompliance with State statute, and limits the input into Board decisions by all parties intended by statute. (Finding Code No. 08-25)

RECOMMENDATION

We recommend the State Fire Marshal timely appoint appropriate persons to fill the current and any future vacancies on the Board.

OFFICE RESPONSE

Accepted.

The Office will continue to reach out to the public in an effort to fill the public member vacancy.

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08-26. **FINDING** (Failure to maintain administrative panel)

The Office of the State Fire Marshal (Office) did not maintain a 7-member administrative panel as required by the Hazardous Material Emergency Response Reimbursement Act (Act).

The administrative panel was statutorily required to be formed to review claims made against the Hazardous Material Emergency Reimbursement Fund and to determine reasonable and necessary expenses to be reimbursed to an emergency response agency. The panel must consist of two representatives from emergency response agencies, three industry representatives, one member not affiliated with either entity, and the State Fire Marshal or his designee. The panel had no designated members and had not met once in the past 5 years.

The Act (430 ILCS 55/7) requires the Office to establish and maintain a 7-member administrative panel. The Act requires the panel members to serve for two years and meet at least quarterly with the following responsibilities:

- Reviewing claims made against the Hazardous Material Emergency Response Reimbursement Fund and determining reasonable and necessary expenses to be reimbursed to an emergency response agency, and
- Affirming that the emergency response agency has made a reasonable effort to recover expended costs from the involved parties.

Office management stated no one had been appointed to the panel due to a lack of reimbursement requests received. In addition, Office personnel noted the Office's appropriation from this fund is only \$5,000, and that if any significant requests for reimbursements were received, the office would be able to put an administrative panel in place while seeking supplemental appropriations.

Failure to form and maintain an administrative panel and designate members is noncompliance with State statute and could result in a delay in the reimbursement process, should a request for reimbursement be received. (Finding Code No. 08-26)

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RECOMMENDATION

We recommend the Office designate members of an administrative panel to comply with the Hazardous Material Emergency Response Reimbursement Act or seek legislative remedy.

OFFICE RESPONSE

Accepted.

The Office has not received reimbursement requests. Further, the Office will seek legislative relief if the fire service agrees with the lack of need.

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2008

- 08-27. **FINDING** (Failure to implement changes to the Fire Equipment Exchange Program timely)

The Office of the State Fire Marshal (Office) did not timely implement changes to its Fire Equipment Exchange (FEE) Program as required by the State Fire Marshal Act.

The FEE Program publicizes fire equipment available for donation, sale, or trade amongst fire departments and fire protection districts. We noted the Office first established a pilot program with 100 users in December 2007. The Office did not establish a fully accessible website for the FEE program until January 2008, eighteen months after the statutory deadline. The website was not separated from the Office's main website until June 2008, 24 months late. In addition, a hyperlink to this separate website for the FEE program from the Office's website was not established until September 2008, 26 months late.

The State Fire Marshal Act (20 ILCS 2905/2.5(b)) required the Office to establish a separate website for the program and a hyperlink from the Office's main website to the separate FEE website no later than July 1, 2006.

Office personnel stated the Office was required to work with the Department of Central Management Services (DCMS) to develop the website and was limited to DCMS's schedule in implementing the required changes. Further, management stated the FEE program was established 2003, and felt no opportunities for departments to purchase, trade, or sell equipment were lost due to untimely establishment of a separate website.

Timely implementation of mandated changes to the FEE program is necessary to increase public awareness of fire departments which had a need for equipment or some equipment available for trade, donation, or sale and constitutes noncompliance with State law. (Finding Code No. 08-27)

RECOMMENDATION

We recommend the Office take all appropriate actions and continue to work with DCMS to ensure future statutory website requirements are timely implemented.

OFFICE RESPONSE

Accepted.

The Office will continue to work with DCMS on website changes and new initiatives and comply as our authority permits.

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2008

08-28. **FINDING** (Failure to distribute arson fines)

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

As of June 30, 2008, 8 of 16 (50%) arson fines, totaling \$3,261, had not been distributed among the fire departments or fire prevention districts that suppressed or investigated the related fires. These fines were received 131 to 1302 days prior to the end of Fiscal Year 08. In addition, we noted 8 of 16 (50%) arson fines were distributed 139 to 1172 days after receipt. Further, we noted 5 of 23 (22%) ongoing cases did not have a file started to ensure prompt distribution of the fines to 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). Good internal controls require arson fines be timely forwarded to the proper recipients.

Office personnel stated insufficient information received from some fire departments and circuit clerks remitting fines hindered the Office's ability to promptly distribute the funds. Office personnel also stated the Office was short on staff to sort through the grants and identify which fire departments were entitled to the grants. Further, personnel stated HB 2669 awaiting Governor approval as of May 19, 2009 will require fire departments and fire protection districts to apply for these grant funds rather than requiring the Office to identify the proper recipients.

Failure to identify recipients and distribute arson fines timely 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. 08-28, 06-24)

RECOMMENDATION

We recommend the Office continue to work with circuit clerks remitting fines and other State and local government entities to obtain the information necessary to timely identify the fire units entitled to outstanding arson fines. Further, we recommend the Office allocate adequate resources to timely distribute outstanding funds among the fire departments or fire

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2008

prevention districts that suppressed or investigated the related fires for the purchase of fire suppression or fire investigation equipment.

OFFICE RESPONSE

Accepted.

The Office will continue to work with the circuit clerks to identify the proper departments that are entitled to outstanding arson fines funds.

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2008

08-29. **FINDING** (Noncompliance with the 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).

In Fiscal Year 2007, the Office began issuing official licenses with the licensee's photograph, issuance, and expiration dates, as required by the Act. We tested 9 applications for pyrotechnic distributors and 14 applications for operator licensure, and noted the following deficiencies during our testing:

- Three of 14 (21%) operator application files did not include evidence of three reference letters.
- One of 14 (7%) operator application files did not include evidence of a clearance letter from the Bureau of Alcohol, Tobacco, Firearms, and Explosives (BATFE) or evidence of a notarized affidavit stating an application was pending.
- Two of 23 (9%) applications and required submissions were completely missing.
- One of 14 (7%) operator application files did not include evidence of successful completion of the Illinois Department of Natural Resources (IDNR) training.

As a result, one applicant received an official license, and five others received temporary licenses despite these missing documents. Officials stated temporary licenses were issued and valid for up to 30 days pending subsequent applicant submission of outstanding documents required for issuance of official licenses.

In addition, we noted the Office refunded license application fees, totaling \$700, to applicants, despite the Act's prohibition of refunds.

- The Act requires applicants for distributor's licenses submit certain documents, in accordance with the Illinois Administrative Code (Code) prior to licensure (225 ILCS 227/30, 35, 50). The Code (41 Ill. Adm. Code 230.100(b)) requires applicants for licensure to submit letters from three references who can verify the experience reported or any training received by the applicant and a copy of a current license or letter of clearance from BATFE.

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2008

- The Code also specifies in the event the applicant has not yet received a license or letter of clearance from BATFE, the applicant must submit a signed affidavit acknowledging when he/she submitted an application to BATFE for processing, along with a copy of the completed BATFE application.
- The Illinois State Records Act (5 ILCS 160/8) requires the Office to preserve records of essential transactions of the agency designed to furnish information to protect the legal and financial rights of the state.
- The Code (41 Ill. Adm. Code 230.70) also requires applicants for licensure for outdoor displays to provide proof of successful completion of the IDNR training program for pyrotechnic displays, including a current IDNR individual explosives license number.

In addition, the Act (225 ILCS 227/50(c)) states all fees paid under this Act are nonrefundable.

Office personnel stated that in response to municipality liability concerns and applicant complaints, the Office accepted Illinois Display Reports in lieu of letters of reference. In addition, personnel stated in other instances, the Office considered alternative documentation on a case-by-case basis in lieu of the documents required by the Code as sufficient grounds to grant licensure. Personnel stated an affidavit regarding a pending BATFE application was received, but not notarized. Further, personnel stated no applications were approved without documentation, but these two files could not be located. Office personnel also stated they felt the refunds were necessary in these instances because they were errors on the part of the applicants, not instances where an applicant was denied and wished to have their application fees returned.

Failure to adequately review applications for all required information and qualifications could result in unqualified personnel performing pyrotechnic activities and could increase the risk of an unsafe condition. 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. 08-29, 06-22)

RECOMMENDATION

We recommend the Office thoroughly review all applications to ensure the applicants meet all of the required criteria and the requirements are documented before licensure is granted. We further recommend the Office seek administrative rule changes regarding acceptable documentation to meet licensure requirements before changing current operating practices.

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2008

We also recommend the Office cease issuing refunds for fees paid under this Act, or seek statutory changes to permit refunds.

OFFICE RESPONSE

Accepted.

The Office will continue to thoroughly review each application. In addition, the Office will review the Act and Administrative Rules and identify and initiate appropriate changes to allow the Office to effectively align the needs of the pyrotechnic operators and distributors and the public's safety.

Please note in reference to dot point #4 that monthly DNR licensure reports are received by the Office and used for verification.

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2008

Prior Findings Not Repeated

A. **FINDING** (Lack of documentation for interagency agreement)

During the prior examination, 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.

During the current examination, the Office did not enter into any additional Interagency Agreements with GOMB for the billing of shared services. (Finding Code No. 06-2)

B. **FINDING** (Inadequate controls over employees)

During the prior examination, the Office did not maintain adequate controls over employees designated to work from their home office or the Office's various locations.

During the current examination, the Office appeared to implement mitigating and compensating controls with regard to field employees, which allowed for increased monitoring and supervision of off-site employees. (Finding Code No. 06-4, 04-2)

C. **FINDING** (Inadequate controls over receipt processing and refunds)

During the prior examination, the Office violated the State Officers and Employees Money Disposition Act by not promptly depositing cash receipts. In addition, the Office failed to keep the supporting documentation for all receipts and refunds and to perform the required monthly reconciliation of those receipts to the Comptroller's records. Moreover, the Office's Boiler and Pressure Safety Division did not have an adequate segregation of duties with regards to receipt processing as the Account Supervisor was responsible for receiving and recording receipts as well as preparing deposit slips and reconciling them.

During the current examination, we noted no significant exceptions to the prompt deposit of cash receipts and maintenance of supporting documentation for receipts and refunds in our testing. The Office's Boiler and Pressure Safety Division has implemented an adequate segregation of duties in regards to receipt processing as the process involves four different employees performing the billing, receiving, processing, depositing, and reconciling of cash receipts. The Office failed to perform monthly reconciliations for Fiscal Year 2007. Refer to Finding 08-5 for additional information. (Finding Code No. 06-9)

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2008

Prior Findings Not Repeated (continued)

D. **FINDING** (Inadequate controls over the purchase and use of vehicles)

During the prior examination, the 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.

During the current examination, the Office requested and received an approval from DCMS for its fleet to be driven less than 1,500 miles per month. The Office replaced vehicles with mileage in excess of 100,000 miles during the examination period, and vehicle assignments appeared to be adequate based on Office responsibilities. (Finding Code No. 06-10)

E. **FINDING** (Inaccurate and untimely reporting of vehicle assignments)

During the prior examination, the Office violated the Illinois Administrative Code by failing to accurately and promptly report employee vehicle assignments to DCMS.

During the current examination, we noted no significant errors in the accurate and prompt reporting of vehicle assignments to DCMS. (Finding Code No. 06-11)

F. **FINDING** (Efficiency Initiative Payments)

During the prior examination, the 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 the current examination, the Office did not make payments for efficiency initiative billings. (Finding Code No. 06-12, 04-1)

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2008

Prior Findings Not Repeated (continued)

G. **FINDING** (Unreasonable reimbursements)

During the prior examination, the Office did not adequately monitor and document meal reimbursements. The auditors noted unallowable reimbursements for meal expenses for State employees, non-State employees, and tips. The auditors also noted instances where the purpose of the expenditures was not documented and where the reimbursement requests did not include names of the individuals for whom the meals were purchased.

During the current examination, we did not note any significant instances of unreasonable reimbursements. (Finding Code No. 06-13)

H. **FINDING** (Noncompliance with federal grant agreement)

During the prior examination, the Office did not comply with federal grant requirements to file quarterly reports. The auditors noted numerous instances where reports required by provisions of the grant agreements were not filed.

During the current examination, the federal oversight agency did not note any missing grant reports. (Finding Code No. 06-15)

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

During the prior examination, the Office failed to file with the Illinois Office of the Comptroller (Comptroller) an Accounting for Leases-Lessee form (SCO-560) for five equipment items, each worth over \$5,000.

During the current examination, the Office was not required to prepare and file an SCO-560 form with the Comptroller. (Finding Code No. 06-17)

J. **FINDING** (Failure to file surplus furniture affidavits)

During the prior examination, the Office did not file a Surplus Furniture Affidavit before acquiring any piece of furniture costing more than \$500.

During the current examination, we noted no instances where the Office failed to file a Surplus Furniture Affidavit before acquiring any piece of furniture costing more than \$500. (Finding Code No. 06-18)

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2008

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 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
- Public Safety Shared Services Center
- Service Efforts and Accomplishments (Not Examined)

The accountants' 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, except for information on the Service Efforts and Accomplishments on which they did not perform any procedures. However, the accountants do not express an opinion on the supplementary information.

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Two Years Ended June 30, 2008
(In Thousands)

Federal Awards/Program Title	CFDA Number	2008	2007
Environmental Protection Agency:			
State and Tribal Underground Storage Tank Program	66.804	\$ 301	\$ 186
Department of Homeland Security:			
Assistance to Firefighters Grant	97.044	18	66
Total Expenditures of Federal Awards		\$ 319	\$ 252

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, 2008

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, 2008.

(b) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is prepared on the cash 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 Solid Waste Disposal Act during FY07 and FY08. The purpose of this program is to develop and implement the Underground Storage Tank Program in Illinois and for leak prevention and compliance.

Assistance to Firefighters Grant – CFDA # 97.044

The Office received federal funds from the Department of Homeland Security during FY07 and FY08. 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.

3. Pass Through and Subrecipients

All funds were received directly from U.S. Environmental Protection Agency and Department of Homeland Security.

The Office did not provide any awards to subrecipients.

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, 2008

4. Non-cash Assistance

The Office did not receive any non-cash assistance during FY07 and FY08.

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
Appropriations for Fiscal Year 2008

Fourteen Months Ended August 31, 2008

FISCAL YEAR 2008	Appropriations		Expenditures		Lapse Period		Balances	
	(Net After Transfers)	Through 6/30/08	Through 6/30/08	7/01 - 8/31/08	Total Expenditures	Lapsed	Lapsed	
Fund 047--Fire Prevention								
Division 01								
Personal Services	\$ 8,234,300	\$ 7,197,528	\$ 404,918	\$ -	\$ 7,602,446	\$ -	\$ 631,854	
State Contribution to State Employees' Retirement System	1,366,900	1,190,408	67,114	-	1,257,522	-	109,378	
State Contributions to Social Security	576,600	430,194	24,548	-	454,742	-	121,858	
Group Insurance	1,999,100	1,474,259	64,555	-	1,538,814	-	460,286	
Contractual Services	1,030,000	651,210	175,803	-	827,013	-	202,987	
Travel	129,700	99,677	28,155	-	127,832	-	1,868	
Commodities	91,000	65,658	15,713	-	81,371	-	9,629	
Printing	63,400	29,945	2,209	-	32,154	-	31,246	
Equipment	430,000	35,630	152,134	-	187,764	-	242,236	
Electronic Data Processing	1,243,000	789,762	325,730	-	1,115,492	-	127,508	
Telecommunications	198,500	154,634	27,864	-	182,498	-	16,002	
Operation of Automotive Equipment	309,000	270,946	38,033	-	308,979	-	21	
Refunds	4,000	4,000	-	-	4,000	-	-	
Fire Prevention Training	69,000	63,233	5,747	-	68,980	-	20	
Fire Prevention Awareness Program	80,000	79,975	-	-	79,975	-	25	
Arson Education & Seminars	42,000	31,323	8,400	-	39,723	-	2,277	
New Fire Chiefs Training	44,000	38,841	5,159	-	44,000	-	-	
Hearing Officers	25,000	25,000	-	-	25,000	-	-	
Elevator Safety and Regulation Act	1,000,000	598,194	65,072	-	663,266	-	336,734	
Development of New Fire Districts	1,000	-	-	-	-	-	1,000	
Life Safety Code Program	20,000	20,000	-	-	20,000	-	-	
Risk Watch/Remember When Program	40,000	26,606	7,139	-	33,745	-	6,255	
Chicago Fire Department Training Program	1,950,300	1,950,300	-	-	1,950,300	-	-	
Participants in the State Training Programs	1,000,000	-	1,000,000	-	1,000,000	-	-	
Regional Training Grants	500,000	300,530	199,470	-	500,000	-	-	
Payments in Accordance with Public Act 93-0169	25,000	2,968	-	-	2,968	-	22,032	
Development of Local Government Fire Prevention	1,000,000	1,000,000	-	-	1,000,000	-	-	
ILEAS / MABAS Administration	125,000	90,171	34,829	-	125,000	-	-	
Nite Grant Program	714,200	463,312	127,407	-	590,719	-	123,481	
Equipment - Command Vehicle 0027	342,346	-	-	-	-	-	342,346	
Division 89								
Public Safety Shared Services Center	\$ 627,900	\$ 597,160	\$ 21,464	\$ -	\$ 618,624	\$ -	\$ 9,276	
Total Fund 047	\$ 23,281,246	\$ 17,681,464	\$ 2,801,463	\$ -	\$ 20,482,927	\$ -	\$ 2,798,319	

Note: Appropriations, expenditures, and lapsed balances were obtained directly from the records of the State Comptroller, which have been reconciled to agency records, except as noted in Finding 08-4.

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
Appropriations for Fiscal Year 2008

Fourteen Months Ended August 31, 2008

FISCAL YEAR 2008	Appropriations		Expenditures		Lapse Period		Balances	
	(Net After Transfers)	Through 6/30/08	Through 6/30/08	7/01 - 8/31/08	Total Expenditures	Lapsed	Lapsed	Lapsed
Fund 072-Underground Storage Tank								
Division 01								
Personal Services	\$ 1,654,400	\$ 1,380,908	\$ 83,261	\$ 1,464,169	\$ 190,231			
State Contribution to State Employees' Retirement System	274,600	228,843	13,796	242,639	31,961			
State Contributions to Social Security	111,000	103,073	6,231	109,304	1,696			
Group Insurance	414,600	309,907	15,586	325,493	89,107			
Contractual Services	270,900	270,900	-	270,900	-			
Travel	25,000	8,000	5,592	13,592	11,408			
Commodities	8,000	8,000	-	8,000	-			
Printing	6,000	3,575	47	3,622	2,378			
Equipment	161,500	-	18,168	18,168	143,332			
Electronic Data Processing	115,000	106,414	-	106,414	8,586			
Telecommunications	47,000	27,288	6,683	33,971	13,029			
Operation of Automotive Equipment	60,000	60,000	-	60,000	-			
Refunds	10,000	9,850	150	10,000	-			
Expenses of Hearing Officers	75,000	75,000	-	75,000	-			
State's Underground Storage Program	550,000	412,500	137,500	550,000	-			
Total Fund 072	\$ 3,783,000	\$ 3,004,258	\$ 287,014	\$ 3,291,272	\$ 491,728			

Note: Appropriations, expenditures, and lapsed balances were obtained directly from the records of the State Comptroller, which have been reconciled to agency records, except as noted in Finding 08-4.

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
Appropriations for Fiscal Year 2008

Fourteen Months Ended August 31, 2008

P.A. 95-0348	Appropriations (Net After Transfers)	Expenditures Through 6/30/08	Lapse Period Expenditures 7/01 -8/31/08	Total Expenditures	Balances Lapsed
FISCAL YEAR 2008					
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>\$ -</u>	<u>\$ 5,000</u>
Fund 510-Illinois Firefighters' Memorial					
Division 01					
Firefighters' Memorial	\$ 185,000	\$ 17,534	\$ 78,358	\$ 95,892	\$ 89,108
Total Fund 510	<u>\$ 185,000</u>	<u>\$ 17,534</u>	<u>\$ 78,358</u>	<u>\$ 95,892</u>	<u>\$ 89,108</u>
Fund 580-Fire Prevention Division					
Division 01					
U.S. Resource Conservation and Recovery Act Underground Storage Program	\$ 257,700	\$ 257,700	\$ -	\$ 257,700	\$ -
Total Fund 580	<u>\$ 257,700</u>	<u>\$ 257,700</u>	<u>\$ -</u>	<u>\$ 257,700</u>	<u>\$ -</u>
Total Fiscal Year 2008	<u>\$ 27,511,946</u>	<u>\$ 20,960,956</u>	<u>\$ 3,166,835</u>	<u>\$ 24,127,791</u>	<u>\$ 3,384,155</u>

Note: Appropriations, expenditures, and lapsed balances were obtained directly from the records of the State Comptroller, which have been reconciled to agency records, except as noted in Finding 08-4.

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
Appropriations for Fiscal Year 2007

Fourteen Months Ended August 31, 2007

P. A. 94-798 FISCAL YEAR 2007	Appropriations (Net After Transfers)	Expenditures Through 6/30/08	Lapse Period Expenditures 7/01 - 8/31/08	Total Expenditures	Balances	
						Lapsed
Fund 047-Fire Prevention						
Division 01						
Personal Services	\$ 7,610,134	\$ 6,651,731	\$ 339,187	\$ 6,990,918	\$	619,216
State Contribution to State Employees' Retirement System	877,513	767,607	39,127	806,734		70,779
State Contributions to Social Security	533,118	403,647	20,350	423,997		109,121
Group Insurance	1,852,880	1,418,422	62,240	1,480,662		372,218
Contractual Services	922,144	640,365	210,347	850,712		71,432
Travel	109,700	84,731	16,391	101,122		8,578
Commodities	91,000	59,494	20,831	80,325		10,675
Printing	43,400	18,768	19,950	38,718		4,682
Equipment	430,000	85,775	1,879	87,654		342,346
Electronic Data Processing	1,242,984	869,860	173,655	1,043,515		199,469
Telecommunications	198,512	177,689	16,572	194,261		4,251
Operation of Automotive Equipment	309,000	238,673	49,226	287,899		21,101
Refunds	4,000	3,966	-	3,966		34
Fire Prevention Training	69,000	53,926	2,243	56,169		12,831
Fire Prevention Awareness Program	80,000	69,553	4,403	73,956		6,044
Arson Education & Seminars	42,000	28,800	8,455	37,255		4,745
New Fire Chiefs Training	44,000	30,151	1,788	31,939		12,061
Hearing Officers	25,000	12,838	8,808	21,646		3,354
Elevator Safety and Regulation Act	700,000	171,678	29,687	201,365		498,635
Development of New Fire Districts	1,000	-	-	-		1,000
Public Safety Shared Services Center	627,815	556,169	56,114	612,283		15,532
Life Safety Code Program	20,000	10,798	4,853	15,651		4,349
Risk Watch/Remember When Program	40,000	21,364	14,049	35,413		4,587
Chicago Fire Department Training Program	1,931,960	1,931,960	-	1,931,960		-
Participants in the State Training Programs	1,000,000	989,374	10,626	1,000,000		-
Regional Training Grants	500,000	348,438	151,562	500,000		-
Payments in Accordance with Public Act 93-0169	25,000	-	-	-		25,000
Development of Local Government Fire Prevention	1,000,000	-	993,640	993,640		6,360
ILEAS / MABAS Administration	125,000	118,420	6,580	125,000		-
Nite Grant Program	714,200	638,905	75,000	713,905		295
Total Fund 047	\$ 21,169,360	\$ 16,403,102	\$ 2,337,563	\$ 18,740,665	\$	2,428,695

Note: Appropriations, expenditures, and lapsed balances were obtained directly from the records of the State Comptroller, which have been reconciled to agency records, except as noted in Finding 08-4.

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
Appropriations for Fiscal Year 2007

Fourteen Months Ended August 31, 2007

P. A. 94-798 FISCAL YEAR 2007	Appropriations (Net After Transfers)	Expenditures Through 6/30/08	Lapse Period Expenditures 7/01 - 8/31/08	Total Expenditures	Balances	
					Lapsed	Lapsed
Fund 072-Underground Storage Tank						
Division 01						
Personal Services	\$ 1,613,000	\$ 1,305,138	\$ 65,912	\$ 1,371,050	\$	241,950
State Contribution to State						
Employees' Retirement System	185,900	150,486	7,599	158,085		27,815
State Contributions to Social Security	113,000	97,509	4,929	102,438		10,562
Group Insurance	423,300	268,398	12,843	281,241		142,059
Contractual Services	295,900	270,900	-	270,900		25,000
Travel	25,000	6,050	1,151	7,201		17,799
Commodities	8,000	5,933	-	5,933		2,067
Printing	6,000	3,053	135	3,188		2,812
Equipment	161,500	10,093	-	10,093		151,407
Electronic Data Processing	90,000	29,449	35,606	65,055		24,945
Telecommunications	47,000	32,577	2,210	34,787		12,213
Operation of Automotive Equipment	60,000	60,000	-	60,000		-
Refunds	10,000	2,900	-	2,900		7,100
Expenses of Hearing Officers	75,000	-	-	-		75,000
State's Underground Storage Program	550,000	550,000	-	550,000		-
Total Fund 072	\$ 3,663,600	\$ 2,792,486	\$ 130,385	\$ 2,922,871	\$	740,729

Note: Appropriations, expenditures, and lapsed balances were obtained directly from the records of the State Comptroller, which have been reconciled to agency records, except as noted in Finding 08-4.

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
Appropriations for Fiscal Year 2007

Fourteen Months Ended August 31, 2007

P.A. 94-798 FISCAL YEAR 2007	Appropriations (Net After Transfers)	Expenditures Through 6/30/08	Lapse Period Expenditures 7/01 - 8/31/08	Total Expenditures	Balances	
					Lapsed	Lapsed
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>-</u>	<u>-</u>	<u>\$ 5,000</u>
Fund 510-Illinois Firefighters' Memorial						
Division 01						
Firefighters' Memorial	\$ 185,000	5,281	10,783	16,064		\$ 168,936
Total Fund 510	<u>\$ 185,000</u>	<u>5,281</u>	<u>10,783</u>	<u>16,064</u>		<u>\$ 168,936</u>
Fund 580-Fire Prevention Division						
Division 01						
U.S. Resource Conservation and Recovery Act Underground Storage Program	\$ 257,700	186,000	-	186,000		\$ 71,700
Total Fund 580	<u>\$ 257,700</u>	<u>186,000</u>	<u>-</u>	<u>186,000</u>		<u>\$ 71,700</u>
Total Fiscal Year 2007	<u>\$ 25,280,660</u>	<u>19,386,869</u>	<u>2,478,731</u>	<u>21,865,600</u>		<u>\$ 3,415,060</u>

Note: Appropriations, expenditures, and lapsed balances were obtained directly from the records of the State Comptroller, which have been reconciled to agency records, except as noted in Finding 08-4.

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		
	2008	2007	2006
	P.A. 95-0348	P.A. 94-798	P.A. 94-0015
Fund 047-Fire Prevention			
Appropriations (Net of Transfers)	\$ 23,281,246	\$ 21,169,360	\$ 18,684,600
<u>Expenditures</u>			
Division 01			
Personal Services	\$ 7,602,446	\$ 6,990,918	\$ 6,416,144
Employee Retirement			
Contributions Paid by Employer	-	-	43,417
State Contribution to State Employees' Retirement System	1,257,522	806,734	500,251
State Contributions to Social Security	454,742	423,997	393,245
Group Insurance	1,538,814	1,480,662	1,480,460
Contractual Services	827,013	850,712	736,947
Travel	127,832	101,122	120,729
Commodities	81,371	80,325	64,816
Printing	32,154	38,718	44,878
Equipment	187,764	87,654	750,580
Electronic Data Processing	1,115,492	1,043,515	434,923
Telecommunications	182,498	194,261	196,400
Operation of Automotive Equipment	308,979	287,899	244,129
Refunds	4,000	3,966	3,943
Fire Prevention Training	68,980	56,169	59,502
Fire Prevention Awareness Program	79,975	73,956	55,690
Arson Education & Seminars	39,723	37,255	41,175
New Fire Chiefs Training	44,000	31,939	26,445
Hearing Officers	25,000	21,646	4,614
Elevator Safety and Regulation Act	663,266	201,365	147,721
Development of New Fire Districts	-	-	-
Public Safety Shared Services Center	-	612,283	-
Life Safety Code Program	20,000	15,651	14,962
Risk Watch/Remember When Program	33,745	35,413	97,394
Chicago Fire Department Training Program	1,950,300	1,931,960	-
Participants in the State Training Programs	1,000,000	1,000,000	-
Regional Training Grants	500,000	500,000	-
Payments in Accordance with Public Act 93-0169	2,968	-	-
Development of Local Government Fire Prevention	1,000,000	993,640	-
ILEAS / MABAS Administration	125,000	125,000	-
Nite Grant Program	590,719	713,905	66,031
Equipment - Command Vehicle 0027	-	-	-
Division 16			
Chicago Fire Department Training Program	\$ -	\$ -	\$ 1,875,900
Division 20			
Payments in Accordance with Public Act 93-0169	\$ -	\$ -	\$ -
Participants in the State Training Programs	-	-	750,000
Regional Training Grants	-	-	500,000
Division 89			
Public Safety Shared Services Center	\$ 618,624	\$ -	\$ -
Total Expenditures	<u>\$ 20,482,927</u>	<u>\$ 18,740,665</u>	<u>\$ 15,070,296</u>
Lapsed Balances	<u>\$ 2,798,319</u>	<u>\$ 2,428,695</u>	<u>\$ 3,614,304</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		
	2008	2007	2006
	P.A. 95-0348	P.A. 94-798	P.A. 94-0015
Fund 072-Underground Storage Tank			
Appropriations (Net of Transfers)	\$ 3,783,000	\$ 3,663,600	\$ 3,506,650
<u>Expenditures</u>			
Division 01			
Personal Services	\$ 1,464,169	\$ 1,371,050	\$ 1,188,485
Employee Retirement			
Contributions Paid by Employer	-	-	7,137
State Contribution to State Employees' Retirement System	242,639	158,085	92,686
State Contributions to Social Security	109,304	102,438	77,869
Group Insurance	325,493	281,241	295,995
Contractual Services	270,900	270,900	269,529
Travel	13,592	7,201	16,073
Commodities	8,000	5,933	8,000
Printing	3,622	3,188	2,798
Equipment	18,168	10,093	87,413
Electronic Data Processing	106,414	65,055	60,334
Telecommunications	33,971	34,787	46,992
Operation of Automotive Equipment	60,000	60,000	60,000
Refunds	10,000	2,900	2,700
Expenses of Hearing Officers	75,000	-	-
State's Underground Storage Program	550,000	550,000	-
Division 20			
State's Underground Storage Program	\$ -	\$ -	\$ 550,000
 Total Expenditures	 \$ 3,291,272	 \$ 2,922,871	 \$ 2,766,011
 Lapsed Balances	 \$ 491,728	 \$ 740,729	 \$ 740,639

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		
	2008	2007	2006
	P.A. 95-0348	P.A. 94-798	P.A. 94-0015
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	\$ 185,000	\$ 185,000
<u>Expenditures</u>			
Division 01			
Firefighters' Memorial	\$ 95,892	\$ 16,064	\$ 4,207
Total Expenditures	\$ 95,892	\$ 16,064	\$ 4,207
Lapsed Balances	<u>\$ 89,108</u>	<u>\$ 168,936</u>	<u>\$ 180,793</u>
Fund 580-Fire Prevention Division			
Appropriations (Net of Transfers)	\$ 257,700	\$ 257,700	\$ 257,700
<u>Expenditures</u>			
Division 01			
U.S. Resource Conservation and Recovery Act Underground Storage Program	\$ 257,700	\$ 186,000	\$ 187,000
Total Expenditures	\$ 257,700	\$ 186,000	\$ 187,000
Lapsed Balances	<u>\$ -</u>	<u>\$ 71,700</u>	<u>\$ 70,700</u>
Grand Total - All Funds			
Appropriations (Net of Transfers)	\$ 27,511,946	\$ 25,280,660	\$ 22,638,950
Total Expenditures	\$ 24,127,791	\$ 21,865,600	\$ 18,027,514
Lapsed Balances	<u>\$ 3,384,155</u>	<u>\$ 3,415,060</u>	<u>\$ 4,611,436</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		
	2008	2007	2006
	P.A. 95-0348	P.A. 94-798	P.A. 94-0015
Salaries from the Comptroller's Executive Salary Appropriation			
For the State Fire Marshal	<u>\$ 111,381</u>	<u>\$ 104,871</u>	<u>\$ 74,826</u>
Total Expenditures from Comptroller's Executive Salaries Appropriation	<u><u>\$ 111,381</u></u>	<u><u>\$ 104,871</u></u>	<u><u>\$ 74,826</u></u>

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
SCHEDULE OF CHANGES IN STATE PROPERTY
For the Two Years Ended June 30, 2008

	Equipment
Balance at July 1, 2006	\$ 4,111,992
Additions	1,690,676
Deletions	(3,597)
Net Transfers	(743,144)
Balance at June 30, 2007	\$ 5,055,927
Balance at July 1, 2007	\$ 5,055,927
Additions	283,579
Deletions	1,111,773
Net Transfers	(105,803)
Balance at June 30, 2008	\$ 6,345,476

Note: The above schedule has been derived from property records of the Office and year end property balances have been reconciled in all material respects to reports submitted to the Office of the Comptroller. However, we noted certain errors in Office property records (see Finding Code No. 08-9).

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	2008	2007	2006
Boiler Receipts	\$ 1,465,588	\$ 1,613,736	\$ 1,566,600
Total General Revenue Fund	<u>\$ 1,465,588</u>	<u>\$ 1,613,736</u>	<u>\$ 1,566,600</u>
Fire Prevention Fund - Fund 047			
Underground Storage Tank Permit Fees	\$ 619,500	\$ 478,050	\$ 557,100
Boiler Receipts	2,176,775	2,452,618	2,170,796
Subpoena & Miscellaneous Fees	729	-	5
Sprinkler Contractor License Fees	75,000	240,060	58,740
Fuel Hauler Fees	13,660	18,900	16,200
Fire Equipment Fees	82,945	95,660	88,620
Elevator Safety	780,083	403,420	-
Reimbursement/Jury Duty & Recoveries	34	536	701
Other State Agencies	10,000	10,000	10,000
Department of Homeland Security	-	95,004	92,028
State Certification Exam Fees	30,485	30,900	27,500
Pyrotechnic Distributor & Operator License Fees	13,325	24,050	71,600
Copy Fees (FOIA)	23,495	28,037	32,344
Refunds	25,649	138	1,155
Total Fire Prevention Fund	<u>\$ 3,851,680</u>	<u>\$ 3,877,373</u>	<u>\$ 3,126,789</u>
Underground Storage Tank Fund - Fund 072			
Tank Registration	\$ 47,500	\$ 64,200	\$ 56,500
Subpoena Fees	632	304	-
Fines & Penalties	-	5,000	17,900
Reimbursement/Jury Duty & Recoveries	-	428	172
Environmental Protection Agency Grant	42,700	-	-
Refunds	-	679	-
Total Underground Storage Tank Fund	<u>\$ 90,832</u>	<u>\$ 70,611</u>	<u>\$ 74,572</u>
Fire Prevention Division Fund - Fund 580			
Environmental Protection Agency Grant	\$ 258,800	\$ 186,000	\$ 187,000
Emergency Management Agency Grant	-	-	24,307
Total Fire Prevention Division Fund	<u>\$ 258,800</u>	<u>\$ 186,000</u>	<u>\$ 211,307</u>
Grand Total All Funds	<u>\$ 5,666,900</u>	<u>\$ 5,747,720</u>	<u>\$ 4,979,268</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>2008</u>	<u>2007</u>
Receipts per Agency Records	\$ 1,465,588	\$ 1,613,736
Add: Deposits in Transit, Beginning of Year	399,483	39,760
Less: Deposits in Transit, End of Year	<u>(5,405)</u>	<u>(399,483)</u>
Deposits Recorded by the Comptroller	<u>\$ 1,859,666</u>	<u>\$ 1,254,013</u>
 <u>Fire Prevention (047)</u>		
Receipts per Agency Records	\$ 3,851,680	\$ 3,877,373
Less: Transfer to Fund 072*	(4,850)	-
Add: Deposits in Transit, Beginning of Year	898,391	114,814
Less: Deposits in Transit, End of Year	<u>(14,650)</u>	<u>(898,391)</u>
Deposits Recorded by the Comptroller	<u>\$ 4,730,571</u>	<u>\$ 3,093,796</u>
 <u>Underground Storage Tank (072)</u>		
Receipts per Agency Records	\$ 90,832	\$ 70,611
Add: Transfer from Fund 047*	4,850	-
Add: Deposits in Transit, Beginning of Year	12,978	-
Less: Deposits in Transit, End of Year	<u>-</u>	<u>(12,978)</u>
Deposits Recorded by the Comptroller	<u>\$ 108,660</u>	<u>\$ 57,633</u>
 <u>Fire Prevention Division Fund (580)</u>		
Receipts per Agency Records	\$ 258,800	\$ 186,000
Add: Deposits in Transit, Beginning of Year	-	-
Less: Deposits in Transit, End of Year	<u>-</u>	<u>-</u>
Deposits Recorded by the Comptroller	<u>\$ 258,800</u>	<u>\$ 186,000</u>

* The Office transferred \$4,850 from Fund 047 to Fund 072 to correct a deposit error.

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2008

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 2008 AND 2007

Fire Prevention Fund – 047
Division 01

State Contribution to State Employees' Retirement System – State contribution to State Employees' Retirement System expenditures increased during Fiscal Year 2008 due to the required contribution percentage increasing from 11.525% in Fiscal Year 2007 to 16.561% in Fiscal Year 2008.

Travel – Travel expenditures increased during Fiscal Year 2008 due to Office employees attending more conferences and training programs than during Fiscal Year 2007.

Equipment – Equipment expenditures increased during Fiscal Year 2008 due to the Office purchasing and replacing equipment items that were broken, outdated, or worn. A majority of the Fiscal Year 2008 expenditures were the result of purchasing automobiles, totaling \$146,725.

Fire Prevention Training – Fire prevention training expenditures increased during Fiscal Year 2008 due to an increase in the amount of training for fire prevention employees during Fiscal Year 2008. A majority of expenditures included registration fees and travel reimbursements to employees attending training seminars.

New Fire Chiefs Training – New fire chiefs training expenditures increased during Fiscal Year 2008 due to an increase in the number of trainings provided to fire chiefs. Expenditures included chiefs' travel, room rental, snacks, lunch, and training materials.

Elevator Safety and Regulation Act – Elevator Safety and Regulation Act expenditures increased during Fiscal Year 2008 as a result of the Elevator Safety Division hiring more inspectors and becoming fully operational during Fiscal Year 2008. Expenditures associated with the development of an Internet software application for elevator inspectors were incurred during Fiscal Year 2008.

Public Safety Shared Services Center – Public Safety Shared Services expenditures decreased during Fiscal Year 2008 in Division 01 due to the Office moving the Public Safety Shared Services Center from Division 01 to Division 89.

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2008

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2008 AND 2007 (CONTINUED)

Fire Prevention Fund – 047 (Cont.)

Division 89

Public Safety Shared Services Center – Public Safety Shared Services expenditures increased during Fiscal Year 2008 in Division 89 due to the Office moving the Public Safety Shared Services Center from Division 01 to Division 89.

Underground Storage Tank – 072

Division 01

State Contribution to State Employees' Retirement System – State contribution to State Employees' Retirement System expenditures increased during Fiscal Year 2008 due to the required contribution percentage increasing from 11.525% in Fiscal Year 2007 to 16.561% in Fiscal Year 2008.

Electronic Data Processing – Electronic data processing expenditures increased during Fiscal Year 2008 due to the Underground Storage Tank Division (UST) paying to upgrade its system to comply with Federal regulations. A majority of these expenditures were EDP-related consulting fees paid to one vendor, totaling \$100,000.

Expenses of Hearing Officers – Expenses of hearing officers' expenditures increased during Fiscal Year 2008 due to the Office hiring a new hearing officer.

Illinois Firefighters' Memorial - 510

Division 01

Firefighters' Memorial – Firefighters' memorial expenditures increased during Fiscal Year 2008 mainly as a result of the Office reimbursing the Firefighters' Memorial Foundation (Foundation) for expenses incurred during Fiscal Year 2008. The Office offset prior years' overpayments to the Foundation by withholding reimbursements to the Foundation in Fiscal Year 2007.

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2008

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2008 AND 2007 (CONTINUED)

Fire Prevention - 580
Division 01

U.S. Resource Conservation and Recovery Act Underground Storage Program – U.S. Resource Conservation and Recovery Act Underground Storage Program expenditures increased during Fiscal Year 2008 as a result of the Office being awarded a larger grant from the U.S. Environmental Protection Agency during Fiscal Year 2008, which the Office utilized to pay payroll expenses for UST employees.

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2008

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 2007 AND 2006

Fire Prevention Fund - 047
Division 01

Employee Retirement Contributions Paid by Employer – Employee retirement contributions paid by employer expenditures decreased during Fiscal Year 2007 due to the State no longer paying for employee retirement contributions. Employees became responsible for paying retirement contributions during Fiscal Year 2007.

State Contribution to State Employees' Retirement System – State contribution to State Employees' Retirement System expenditures increased during Fiscal Year 2007 due to the required contribution percentage increasing from 7.792% in Fiscal Year 2006 to 11.525% in Fiscal Year 2007.

Commodities – Commodities expenditures increased during Fiscal Year 2007 due to general price increases in purchased commodities. Additionally, the Office purchased copiers that were previously leased; therefore, toner and ink purchases became the Office's responsibility. The Office also purchased printers for a majority of the employees, thus increasing ink and toner purchases during Fiscal Year 2007.

Equipment – Equipment expenditures decreased during Fiscal Year 2007 due to no need for the Office to replace a majority of the equipment or purchase additional equipment during Fiscal Year 2007.

Electronic Data Processing – Electronic data processing expenditures increased during Fiscal Year 2007 due to the Office hiring an IT manager, whom spent a majority of the appropriation stabilizing the Office's network.

Fire Prevention Awareness Program – Fire Prevention Awareness Program expenditures increased during Fiscal Year 2007 as a result of the Office expanding awareness efforts. In addition, the Office made the appropriation available for the expenses of public education. Expenditures included travel reimbursements to Office employees performing related fire prevention awareness duties and expenditures incurred during the two Illinois State Fairs promoting fire prevention awareness to public citizens.

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2008

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2007 AND 2006 (CONTINUED)

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

Hearing Officers – Hearing officer expenditures increased during Fiscal Year 2007 due to the Office hiring a hearing officer in Fiscal Year 2007. Expenditures included the hearing officer's salary and refunds.

Elevator Safety and Regulation Act – Elevator Safety and Regulation Act expenditures increased during Fiscal Year 2007 due to an increase in activity and expenses incurred for start-up costs. Start-up expenses were only incurred during a portion of Fiscal Year 2006 as rules were adopted in April 2006.

Public Safety Shared Services Center – Public Safety Shared Services expenditures increased during Fiscal Year 2007 as a result of a new appropriation for the implementation of the Public Safety Shared Services Center during Fiscal Year 2007. A majority of expenditures were for the salaries of Office employees.

Risk Watch/Remember When Program – Risk Watch/Remember When expenditures decreased during Fiscal Year 2007 as a result of a decrease in the appropriation from \$120,000 in Fiscal Year 2006 to \$40,000 in Fiscal Year 2007. Expenditures decreased as a result of the decreased appropriation.

Chicago Fire Department Training Program – Chicago Fire Department Training Program expenditures increased during Fiscal Year 2007 in Division 01 due to the Office eliminating Division 16 and placing the line item in Division 01.

Participants in the State Training Programs – Participants in the State training programs expenditures increased in Division 01 during Fiscal Year 2007 due to the Office eliminating Division 20 and placing the line item in Division 01. Additionally, the Office requested and was subsequently granted a \$250,000 appropriation increase for Fiscal Year 2007 in order to reimburse participants for training expenses.

Regional Training Grants – Regional training grant expenditures increased in Division 01 during Fiscal Year 2007 due to the Office eliminating Division 20 and placing the line item in Division 01.

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2008

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2007 AND 2006 (CONTINUED)

Fire Prevention Fund – 047 (Cont.)

Division 01 (Cont.)

Development of Local Government Fire Prevention – Development of Local Government Fire Prevention expenditures increased as a result of the new grant program being implemented during Fiscal Year 2007. The program provides grants to needy fire departments for fire equipment, up to a maximum of \$26,000 per department.

ILEAS / MABAS Administration – ILEAS / MABAS Administration expenditures increased as a result of the implementation of the program during Fiscal Year 2007. The program is an acronym for Illinois Law Enforcement Alarm System / Mutual Aid Box Alarm System, which is a system that alerts neighboring fire departments in cases of large fires where additional assistance is needed. A majority of Fiscal Year 2007 expenditures were overhead costs associated with getting the system operational.

Nite Grant Program – Nite Grant Program expenditures increased as a result of increased activity during Fiscal Year 2007, as the program became operational during Fiscal Year 2006.

Division 16

Chicago Fire Department Training Program – Chicago Fire Department Training Program expenditures decreased in Division 16 during Fiscal Year 2007 due to the Office eliminating Division 16 and placing the line item in Division 01.

Division 20

Participants in the State Training Programs – Participants in the State training programs expenditures decreased in Division 20 during Fiscal Year 2007 due to the Office eliminating Division 20 and placing the line item in Division 01.

Regional Training Grants – Regional training grants expenditures decreased in Division 20 during Fiscal Year 2007 due to the Office eliminating Division 20 and placing the line item in Division 01.

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2008

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2007 AND 2006 (CONTINUED)

Underground Storage Tank - 072

Division 01

State Contribution to State Employees' Retirement System – State contribution to State Employees' Retirement System expenditures increased during Fiscal Year 2007 due to the required contribution percentage increasing from 7.792% in Fiscal Year 2006 to 11.525% in Fiscal Year 2007.

State Contributions to Social Security – State Contributions to Social Security expenditures increased during Fiscal Year 2007 due to the Office paying all State Contributions to Social Security related to Underground Storage Tank personnel from this line item during Fiscal Year 2007. The Office paid a portion of State Contributions to Social Security from a federal grant (Fund 580) in Fiscal Year 2006.

Equipment – Equipment expenditures decreased during Fiscal Year 2007 due to no need for the Office to replace a majority of the equipment or to purchase additional equipment during Fiscal Year 2007.

Telecommunications – Telecommunications expenditures decreased during Fiscal Year 2007 due to the Office paying a majority of telecommunication bills from the Fire Prevention Fund during Fiscal Year 2007.

State's Underground Storage Program – State's Underground Storage Program expenditures increased in Division 01 during Fiscal Year 2007 due to the Office eliminating Division 20 and placing the line item in Division 01.

Division 20

State's Underground Storage Program – State's Underground Storage Program expenditures decreased in Division 20 during Fiscal Year 2007 due to the Office eliminating Division 20 and placing the line item in Division 01.

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2008

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2007 AND 2006 (CONTINUED)

Illinois Firefighters' Memorial - 510
Division 01

Firefighters' Memorial – Firefighters' memorial expenditures increased during Fiscal Year 2007 due to the Office paying a portion of telecommunication expenditures, totaling \$14,996, from the Firefighters' Memorial Fund.

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Two Years Ended June 30, 2008

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 2008 AND 2007

Fire Prevention Fund – 047

UST Permit Fees – UST permit fees increased during FY08 because the public need for approval of tanks or tank removal increased.

Sprinkler Contractor License Fees – Sprinkler contractor license fees decreased during FY08 due to the biennial cycle of renewal fee assessments.

Fuel Hauler Fees – Fuel hauler fees decreased during FY08 because fewer fuel haulers requested permits for mobile fueling.

Elevator Safety Fees – Elevator safety fees increased during FY08 due to the biennial cycle of renewal fee assessments.

Department of Homeland Security – The Agency received a grant in FY07 from the Department of Homeland Security as partial reimbursement for an Office employee working on fire-related matters. No such grant was received during FY08.

Pyrotechnic Distributor and Operator License Fees – Pyrotechnic distributor and operator license fees decreased during FY08 due to the three-year cycle of renewal fee assessments.

Underground Storage Tank Fund– 072

Tank Registration – Tank registrations are a one-time fee for new installations driven by construction, development and economic trends. The number of permits required has declined due to a reduction in tank installations.

Fines and Penalties – The decrease in FY08 was due to no fines or penalties issued during FY08.

Environmental Protection Agency Grant – In FY08 the Office received more federal funds than expected from the U.S. Environmental Protection Agency late in the fiscal year to develop and implement the Underground Storage Tank Program in Illinois and to comply with additional federal program requirements.

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Two Years Ended June 30, 2008

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 2008 AND 2007 (Continued)

Fire Prevention Division Fund - 580

Environmental Protection Agency Grant – In FY08 the Office received a larger amount of federal funds from the U.S. Environmental Protection Agency to develop and implement the Underground Storage Tank Program in Illinois and to comply with additional federal program requirements.

VARIATIONS IN RECEIPTS BETWEEN FISCAL YEARS 2007 AND 2006

Fire Prevention Fund - 047

Sprinkler Contractor License Fees – Sprinkler contractor license fees increased during FY07 due to the biennial cycle of renewal fee assessments.

Elevator Safety Fees – Elevator safety fees became effective during FY07 per the Elevator Installation Act (430 ILCS 80/1-10).

Pyrotechnic Distributor and Operator License Fees – Pyrotechnic distributor and operator license fees decreased during FY07 due to the three year cycle of renewal fee assessments.

Underground Storage Tank Fund - 072

Fines and Penalties – The decrease in FY07 was due to only one fine being issued during the period in the amount of \$5,000.

Fire Prevention Division Fund – 580

Emergency Management Agency (EMA) Grant – The Office received a one-time federal Homeland Security grant during FY06 passed through from the Illinois EMA.

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Two Years Ended June 30, 2008

Lapse period spending exceeding 20% of total fiscal year expenditures is explained below:

FISCAL YEAR 2008

Fire Prevention Fund – 047

Division 01

Contractual Services – Lapse period expenditures were due mainly to payments to the Department of Central Management Services (DCMS) for billings related to communications and public relations services and facilities leasing obligations incurred prior to June 30, which were billed and paid during the lapse period.

Travel – Lapse period expenditures were due mainly to the Office reimbursing employees for travel expenses incurred while attending training and conferences, as well as paying direct-bill lodging expenses incurred prior to June 30, but paid during the lapse period.

Equipment – Lapse period expenditures were due to several automobile purchases, totaling \$146,725, which were approved and ordered prior to June 30, but not received and 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 not received and 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.

Arson Education & Seminars – Lapse period expenditures were due to several purchases/reimbursements that were approved and ordered prior to June 30, but were not paid until the lapse period. A majority of the expenditures were related to travel reimbursements to employees for attending trainings, payments to vendors for lodging expenses, conference fees, and commodities utilized for education purposes at State fairs.

Risk Watch/Remember When Program – Lapse period expenditures were due to expenses related to the annual June Risk Watch conference. The Office incurred expenses for the conference, hotel rooms, and food service.

Regional Training Grants – Lapse period expenditures were due to the Office paying reimbursements for expenses incurred for annual trainings conducted toward the end of the fiscal year that were not invoiced and 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, 2008

FISCAL YEAR 2008 (CONTINUED)

Fire Prevention Fund – 047 (Cont.)

Division 01 (Cont.)

Development of Local Government Fire Prevention – Lapse period expenditures were due to grant payments being processed in the final two weeks of Fiscal Year 2008, but not paid until the lapse period.

ILEAS/MABAS Administration – Lapse period expenditures were due to several grant awards being processed toward the end of the fiscal year, but not paid until the lapse period.

Nite Grant Program – Lapse period expenditures were due to invoices for computer equipment that were received and approved prior to June 30, but not paid until the lapse period.

Underground Storage Tank – 072

Division 01

Travel – Lapse period expenditures were due to travel related to training and hotel accommodations that were 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 were due to payments to DCMS for the rental of telecommunications services and equipment that were incurred prior to June 30, but not paid until the lapse period. The Office only paid for telecommunications billings during four months from the UST fund, with a significant amount being paid during the lapse period.

State Underground Storage Program – The lapse period expenditure was due a to a single grant payment to the City of Chicago for the State Underground Storage Program that was obligated in Fiscal Year 2008 but was not reimbursed until the lapse period.

Illinois Firefighters' Memorial – 510

Division 01

Firefighters' Memorial – Lapse period expenditures were due to the receipt and payment of billings related to the maintenance of the Illinois Firefighter Museum and a reimbursement to the Firefighter Memorial Foundation for expenses incurred prior to June 30.

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Two Years Ended June 30, 2008

Lapse period spending exceeding 20% of total fiscal year expenditures is explained below:

FISCAL YEAR 2007

Fire Prevention Fund – 047
Division 01

Contractual Services – Lapse period expenditures were due mainly to the Office paying several Fiscal Year 2007 Facilities Management Revolving Fund billings from DCMS as a result of late billings. The Office also made a payment for carpet installation, totaling \$19,754, which was ordered and installed prior to June 30, but paid during the lapse period.

Commodities – Lapse period expenditures were due mainly to the Office paying for items, totaling approximately \$10,000, for Fire Safety giveaways at the two Illinois State Fairs, as well as purchasing ink and toner for printers received during Fiscal Year 2007. These items were ordered and received prior to June 30 and paid during the lapse period.

Printing – Lapse period expenditures were due to the Office receiving several billings for printing orders that were received and approved prior to June 30, but not paid until the lapse period.

Arson Education and Seminars – Lapse period expenditures were due to several purchases/reimbursements that were approved prior to June 30, but were not paid until the lapse period. A majority of the expenditures were related to conference fees and training software for the arson division.

Hearing Officers – Lapse period expenditures were largely due to the Office paying the hearing officer's June salary during the lapse period. Additionally, refunds, totaling \$4,700, were issued during the lapse period from this lump sum appropriation.

Life Safety Code Program – Lapse period expenditures were due mainly to the Office paying for subscriptions to fire codes that were received prior to June 30, but not paid until the lapse period.

Risk Watch/Remember When Program – Lapse period expenditures were due to expenses related to the annual June Risk Watch conference. The Office incurred expenses for the conference, hotel rooms, and food service.

Regional Training Grants – Lapse period expenditures were due to the Office paying reimbursements for expenses incurred for annual trainings conducted toward the end of the fiscal year that were not invoiced and paid until the lapse period.

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OFFICE OF THE STATE FIRE MARSHAL
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Two Years Ended June 30, 2008

FISCAL YEAR 2007 (CONTINUED)

Fire Prevention Fund – 047 (Cont.)

Division 01 (Cont.)

Development of Local Government Fire Prevention – Lapse period expenditures were due to grant payments being processed in the final two weeks of Fiscal Year 2007, but not paid until the lapse period.

Underground Storage Tank – 072

Division 01

Electronic Data Processing – Lapse period expenditures were due mainly to the purchase of printers for field automobiles that were approved and ordered prior to June 30, but were not paid until the lapse period.

Illinois Firefighters' Memorial - 510

Division 01

Firefighters' Memorial – Lapse period expenditures were due to the receipt and payment of a portion of telecommunication billings during the lapse period 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>2008</u>	<u>2007</u>	<u>2006</u>
Age			
Current	\$ 420	\$ 303	\$ 311
1-30 days	46	39	34
31-90 days	53	44	54
91-180 days	60	44	56
181 days to 1 year	105	64	60
Over 1 year	<u>114</u>	<u>188</u>	<u>200</u>
Total	\$ 798	\$ 682	\$ 715
Less: Allowance for Doubtful Accounts	<u>114</u>	<u>252</u>	<u>260</u>
Net Accounts Receivable	<u>\$ 684</u>	<u>\$ 430</u>	<u>\$ 455</u>

These amounts represent receivables related to fees for boiler and pressure vessel safety inspections and elevator inspections performed by the Office. The decrease in Allowance for Doubtful Accounts from Fiscal Year 2007 to 2008 is due to a change in calculation method.

Underground Storage Tank Fund - 072

Age			
Current	\$ 8	\$ 4	\$ 11
1-30 days	0	0	0
31-90 days	2	2	0
91-180 days	0	0	1
181 days to 1 year	5	5	8
Over 1 year	<u>20</u>	<u>32</u>	<u>33</u>
Total	\$ 35	\$ 43	\$ 53
Less: Allowance for Doubtful Accounts	<u>3</u>	<u>17</u>	<u>41</u>
Net Accounts Receivable	<u>\$ 32</u>	<u>\$ 26</u>	<u>\$ 12</u>

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

Note: The Office submitted some past due receivables to collection agencies and to the Attorney General's Office for write off. However, the Office did not properly submit eligible receivables for Comptroller's Offset. See Finding 08-6.

STATE OF ILLINOIS
OFFICE OF THE STATE FIRE MARSHAL
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For the Two Years Ended June 30, 2008

AGENCY FUNCTIONS AND PLANNING PROGRAM

Agency Functions

The Office of the State Fire Marshal (Office) was created by the State Fire Marshal Act (20 ILCS 2905 et seq.), effective July 21, 1977.

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

Arson Investigation: The Arson Investigation Division provides fire investigation and law enforcement services to the fire service and federal, state, and local law enforcement agencies throughout the State of Illinois through investigations, evidence collection, and professional expert testimony in court proceedings.

Fire Prevention: The Fire Prevention Division conducts inspections of State-owned or regulated facilities such as correctional facilities, day care homes and centers, State and county fairs, race tracks, permanently moored vessels, and residential facilities. The division licenses sprinkler contractors, fire equipment distributors and the pyrotechnic industry, and is also responsible for plan reviews to ensure compliance with the Life Safety Code and all regulations.

Boiler and Pressure Vessel Safety: The Boiler and Pressure Vessel Safety Division conducts in-service inspections of pressure equipment to 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: The Petroleum and Chemical Safety Division regulates underground storage tanks (USTs) containing petroleum and hazardous substances to protect public health and safety. The Office receives appropriations from the Underground Storage Tank fund for this division's operational expenses.

Personnel Standards and Education: The Personnel Standards and Education Division provides improvements in the levels of education and training for firefighters and professionals in Illinois.

Elevator Safety: The Elevator Safety Division provides public safety of life and limb and to promote public safety awareness.

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

Agency Planning Program

The Office has its own planning program. 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.
- Expansion of fire safety equipment in structures throughout the State.
- Expansion of resources available to local fire departments.

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For the Two Years Ended June 30, 2008

- 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.

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>Function</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Administration	25	27	28
Arson Investigation	24	23	22
Boiler and Pressure Vessel Safety	24	25	23
Elevator Safety	4	3	1
Fire Marshal (Comptroller payroll)	1	1	1
Fire Prevention	27	25	29
Petroleum and Chemical Safety	27	27	27
Personnel Standards and Education	10	10	9
Public Education	6	6	2
Technical Services	6	6	2
Homeland Security	1	1	1
Total average full-time employees	<u>155</u>	<u>154</u>	<u>145</u>

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PUBLIC SAFETY SHARED SERVICES CENTER (PSSSC)
Located at the Department of Corrections

Executive Order 2006-6, issued March 31, 2006, ordered the creation of a Division of Shared Services within the Department of Corrections to serve designated “public safety” agencies. The Shared Services Division at the Department of Corrections, called the Public Safety Shared Services Center (PSSSC), was created to combine certain functions of nine “public safety” agencies: the Department of Corrections (DOC), Department of Juvenile Justice (DOJJ), Department of Military Affairs (DMA), Department of State Police (DSP), Illinois Criminal Justice Information Authority (ICJIA), Illinois Emergency Management Agency (IEMA), Law Enforcement Training and Standards Board (LETSB), Office of the State Fire Marshal (OSFM), and Prisoner Review Board (PRB).

The stated purpose of the Division of Shared Services was to consolidate certain common administrative functions, such as human resources, personnel, payroll, timekeeping, procurement, and financial processes, currently being performed by individual agencies, to improve the ability of all State agencies to share management knowledge and capitalize on synergies and economies of scale.

The first function consolidated in the PSSSC was the human resources operations, which began in December 2007 with the signing of several interagency agreements between DOC and DSP, IEMA, OSFM, and ICJIA. Fiscal accounting personnel were transferred from the user agencies on May 1, 2008 and the functions were transferred on October 1, 2008 with the signing of an interagency agreement between DOC, DSP, OSFM, and IEMA.

As of June 30, 2008, several of the agencies classified as “public safety” agencies had experienced no changes in their operations due to PSSSC implementation. PRB and DOJJ had previously signed interagency agreements with DOC to perform certain human resources and fiscal functions on their behalf. LETSB and DMA did not sign any interagency agreements with DOC, did not begin receiving any services from the PSSSC, and continued to perform their human resources and fiscal operations independently.

In Fiscal Year 2007, seven agencies were appropriated \$13.4 million for costs and expenses related to or in support of the PSSSC Shared Services Center; \$11.1 million was appropriated in Fiscal Year 2008. DOJJ and PRB did not receive any appropriations for these purposes during Fiscal Years 2007 or 2008. Exhibit 1 summarizes the appropriations and expenditures for the seven agencies receiving appropriations for the PSSSC Shared Services Center in Fiscal Years 2007 and 2008.

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Exhibit 1				
PSSSC SHARED SERVICES APPROPRIATIONS AND EXPENDITURES				
Fiscal Years 2007 and 2008				
	Fiscal Year 2007		Fiscal Year 2008	
	Appropriations	Expenditures	Appropriations	Expenditures
DOC	\$7,372,900	\$6,613,317	\$5,004,300	\$4,985,848
DMA	\$567,500	\$506,821	\$558,505	\$556,628
DSP	\$2,140,200	\$2,046,500	\$1,957,500	\$1,656,937
ICJIA	\$1,050,600	\$284,401	\$1,042,065	\$0
IEMA	\$1,667,000	\$1,494,223	\$1,867,550	\$1,487,140
LETSB	\$22,400	\$0	\$22,400	\$0
OSFM	\$627,815	\$612,283	\$627,900	\$618,622
TOTALS	\$13,448,415	\$11,557,545	\$11,080,220	\$9,305,175

Source: OAG from Comptroller data

As part of the development of the Shared Services Program, the Governor’s Office of Management and Budget entered into contracts with several firms to perform consulting and professional services to facilitate the reorganization of common functions into Shared Services Centers, as well as provide staffing and organizational analyses.

The amount paid out by the State for these contracts totaled over \$9 million over Fiscal Years 2006, 2007 and 2008. The costs of these contracts were allocated among many of the State agencies designated to participate in the various Shared Services Programs. OSFM paid \$15,000 to Deloitte in Fiscal Year 2006. OSFM did not pay any amounts to consulting and professional services vendors related to the Shared Services Programs during Fiscal Years 2007 and 2008.

As part of our review of the Shared Services Program statewide, we sent a survey to all agencies that received an appropriation for Shared Services operations in Fiscal Years 2007 and/or 2008. We also surveyed the Shared Service Centers and asked similar questions of them.

One of the goals of the Shared Services Program was to realize cost savings through the consolidation of the common functions of several agencies into one location. In its response to our survey, the PSSSC reported savings of \$465,200 in Fiscal Year 2008. These are unaudited figures. The PSSSC did not report any savings in Fiscal Years 2006 or 2007. The savings reported for Fiscal Year 2008 were attributed to five partial staff positions for several months during Fiscal Year 2008 and their associated support costs. The duties for these positions were transitioned to and incorporated into the PSSSC operations; however, the employees remain employed by the agency and were redeployed into the agency to perform other functions. The

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PSSSC did not detail the savings by agency. We question whether keeping these employees on payroll and assigning them to other functions really constitutes a savings.

In response to the survey auditors sent to the user agencies, OSFM reported savings as an “unknown” for Fiscal Years 2006, 2007, and 2008. OSFM also reported “unknown” implementation costs for Fiscal Years 2006, 2007, and 2008.

As part of our compliance examinations conducted on agencies for the period ending June 30, 2008, we reviewed expenditures paid from appropriations for Shared Services at selected agencies during Fiscal Year 2008. At three of the agencies covered by the PSSSC, we sampled expenditure transactions paid from the agency’s Shared Services appropriation to determine whether they were related to the Shared Services Program.

Our auditors at OSFM performed detail testing of 10 payroll vouchers, totaling \$591,261, and 2 expenditure vouchers, totaling \$27,361, and noted one of the expenditure vouchers, totaling \$27,194, was for the purchase of an office equipment item. This particular item was purchased for use at OSFM’s primary location and was purchased to replace a similar item which had been moved to the PSSSC for all PSSSC agencies to use. Both the original item and newly purchased item remain on the OSFM property records.

Our review this year focused on expenditures from the Shared Services Program appropriations and the costs of program implementation to date. While some agencies surveyed reported savings, it was premature to examine asserted savings and programmatic goals achieved at this time.

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SERVICE EFFORTS AND ACCOMPLISHMENTS
For the Fiscal 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>2008</u>	<u>2007</u>	<u>2006</u>
Investigations	1,521	1,522	1,369
Investigators as of June 30	18	18	19

Boiler and Pressure Vessel Safety Division

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

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Boiler and Pressure Vessel Safety Inspections:			
State Inspections	23,758	23,293	22,641
Insurance Inspections	<u>21,733</u>	<u>23,442</u>	<u>22,717</u>
Total Inspections	<u><u>45,491</u></u>	<u><u>46,735</u></u>	<u><u>45,358</u></u>
Inspectors as of June 30	19	19	17
Required Inspections	38,598	36,968	37,500*
Past due Inspections at June 30	1,101	866	1,930
Percent of Passed Due Inspections	2.9%	2.3%	5.1%

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

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SERVICE EFFORTS AND ACCOMPLISHMENTS
For the Fiscal Years Ended June 30,
(Not Examined)

Fire Prevention Division

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

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Building Inspections	21,293	15,314	15,099
Building Inspectors as of June 30	14	16	19

The increase in the number of inspections from 2007 to 2008 was due to the Office first starting to inspect State buildings in 2008.

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>2008</u>	<u>2007</u>	<u>2006</u>
Certifications	9,860	12,090	11,066
Examinations	11,673	14,353	12,422
Average number of employees as of June 30	10	10	9

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

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Recipients			
Chicago	\$ 465,488	\$ 500,001	\$ 375,000
Other local departments	534,512	499,999	375,000
Fire Service Institute	0	0	150,000
Appropriated expenditures	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 900,000</u>

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SERVICE EFFORTS AND ACCOMPLISHMENTS
For the Fiscal Years Ended June 30,
(Not Examined)

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

Petroleum and Chemical Safety Division

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>2008</u>	<u>2007</u>	<u>2006</u>
Permits issued	385	371	1,816
UST Emergency responses and field investigations	761	1,201	660
Certification audits (initial visit)	3,143	2,561	2,259
Certification audits (multiple visit)	1,774	1,436	1,337
Notice of Violation	1,937	1,627	2,025
Underground Storage Tank (UST) inspections	6,498	5,966	4,413
Average number of employees as of June 30	27	27	27

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SERVICE EFFORTS AND ACCOMPLISHMENTS
For the Fiscal Years Ended June 30,
(Not Examined)

Elevator Safety Division

Mission Statement: To assure that conveyances are correctly and safely installed and operated within the state by regulating the design, installation, construction, operation, inspection, testing, maintenance, alteration of conveyances. This is a new program which began in October 2006.

	<u>2008</u>	<u>2007</u>	<u>2006*</u>
Total number of Contractor licenses issued	44	44	N/A
Total number of Inspector licenses issued	80	42	N/A
Total number of Mechanic licenses issued	259	1,482	N/A
Total number of Apprentice licenses issued	218	494	N/A
Average number of employees as of June 30	4	3	1

* Many categories were N/A during Fiscal Year 2006 due to the implementation of the Elevator Safety Program during Fiscal Year 2007. The Office began issuing licenses during Fiscal Year 2007.