



STATE OF ILLINOIS
**OFFICE OF THE
 AUDITOR GENERAL**

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

OFFICE OF THE STATE FIRE MARSHAL

Compliance Examination
 For the Two Years Ended June 30, 2020

Release Date: November 30, 2021

FINDINGS THIS AUDIT: 21				AGING SCHEDULE OF REPEATED FINDINGS			
	<u>New</u>	<u>Repeat</u>	<u>Total</u>	<u>Repeated Since</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>
Category 1:	8	8	16	2018	1, 7, 11, 12, 13, 15, 16	17	
Category 2:	3	2	5	2016	6		
Category 3:	<u>0</u>	<u>0</u>	<u>0</u>	2006		19	
TOTAL	11	10	21				
FINDINGS LAST AUDIT: 12							

INTRODUCTION

Because of the significance and pervasiveness of the findings described within the report, we expressed an **adverse opinion** on the Office of the State Fire Marshal’s compliance with the specified assertions which comprise a State compliance examination. The Codification of Statements on Standards for Attestation Engagements (AT-C § 205.72) states a practitioner “should express an adverse opinion when the practitioner, having obtained sufficient appropriate evidence, concludes that misstatements, individually or in the aggregate, are both material and pervasive to the subject matter.”

SYNOPSIS

- **(20-01)** The Office did not perform all inspections of public schools or always report identified violations to the regional superintendents.
- **(20-02)** The Office did not perform all inspections requested by licensing agencies in a reasonable timeframe.
- **(20-03)** The Office failed to implement an adequate enforcement program to ensure compliance with the Elevator Safety and Regulation Act.
- **(20-12)** The Office did not exercise adequate controls over its collection and revenue recognition of fees.

Category 1:	Findings that are material weaknesses in internal control and/or a qualification on compliance with State laws and regulations (material noncompliance).
Category 2:	Findings that are significant deficiencies in internal control and noncompliance with State laws and regulations.
Category 3:	Findings that have no internal control issues but are in noncompliance with State laws and regulations.

**STATE FIRE MARSHAL
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2020**

EXPENDITURE STATISTICS	2020	2019	2018
Total Expenditures (expressed in thousands).....	\$ 38,859	\$ 31,468	\$ 33,812
OPERATIONS TOTAL (expressed in thousands).....	\$ 26,090	\$ 24,112	\$ 24,112
% of Total Expenditures.....	67.1%	76.6%	71.3%
Personal Services.....	11,622	11,108	10,657
Other Payroll Costs (FICA, Retirement).....	9,428	8,705	8,350
All Other Operating Expenditures.....	5,040	4,299	5,105
AWARDS AND GRANTS (expressed in thousands).....	\$ 12,765	\$ 7,340	\$ 9,696
% of Total Expenditures.....	32.9%	23.4%	28.7%
REFUNDS (expressed in thousands)	\$ 4	\$ 16	\$ 4
% of Total Expenditures.....	0.0%	0.0%	0.0%
Total Receipts (expressed in thousands).....	\$ 5,507	\$ 7,641	\$ 6,180
Average Number of Employees.....	142	129	121

AGENCY DIRECTOR
During Examination Period: Matthew Perez
Currently: Matthew Perez

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

FAILURE TO PERFORM SCHOOL FIRE INSPECTIONS OR REPORT VIOLATIONS

The Office of the State Fire Marshal (Office) did not perform all inspections of public schools or always report identified violations to the regional superintendents (superintendent).

During testing, we noted the following:

36% of schools were not inspected during Fiscal Year 2020

- The Office did not perform annual fire safety inspections of each public school within the State. We noted 1,218 of 3,461 (35%) and 1,248 of 3,447 (36%) schools were not inspected during Fiscal Year 2019 and Fiscal Year 2020, respectively.
- Due to insufficient documentation, we were unable to determine whether 1 of 60 (2%) inspections selected for testing was performed and whether violations were submitted to the superintendent, if violations were noted.
- The Office did not have sufficient controls in place to ensure violations identified during school inspections performed by qualified fire officials to whom the Office delegated its authority during the examination period were sent to the superintendent within 15 days of the completed inspection. More specifically, all of the school inspection reports are entered into the Office's Fire Prevention System (Mobile Eyes), and once approved, the report is automatically emailed to the superintendent. The Office does not monitor the time between the date of inspection and when the inspection report is entered into Mobile Eyes.
- Forty-eight of 60 (80%) sampled inspections of public schools conducted by the Office during the examination period contained violations noted by the inspector. For those 48 inspections containing violations, we noted the following:

Inspection violations were not reported

- Seventeen (35%) reports with violations did not have evidence the report had been submitted to the superintendent.

Inspection violations were not timely reported

- Six (13%) reports with violations were reported to the superintendent between 3 and 26 days late. (Finding 1, pages 12 – 14)

We recommended the Office work with the Governor and the General Assembly to ensure sufficient resources exist to timely

conduct public school building inspections. Further, the Office should enhance its internal controls to provide assurance violation reports are timely sent to the school's applicable superintendent.

Office agreed

The Office agreed with the recommendation.

FAILURE TO PERFORM TIMELY LICENSING INSPECTIONS AT CHILD CARE FACILITIES AND COMMUNITY-INTEGRATED LIVING ARRANGEMENTS

The Office did not perform all inspections requested by licensing agencies in a reasonable timeframe. The Office is required to provide the necessary fire inspections for agencies under various licensing acts. The Office receives requests for inspections directly from the licensing agency through the Fire Prevention System.

During testing, we noted the following:

- Eighteen of 60 (30%) inspections selected for testing of Child Care Facilities, requested by the Department of Children and Family Services per the Child Care Act of 1969 (225 ILCS 10/5.7), were not performed on a timely basis from the date the request was received by the Office from the licensing agency. Inspections were performed between 1 and 134 days after the reasonable 60 day turnaround time as determined by the auditor.
- Eighteen of 60 (30%) inspections selected for testing of Community-Integrated Living Arrangements, requested by the Department of Human Services per the Community-Integrated Living Arrangements Licensure and Certification Act (210 ILCS 135/13(b)), were not performed on a timely basis from the date the request was received by the Office from the licensing agency. Inspections were performed between 7 and 162 days after the reasonable 60 day turnaround time as determined by the auditor.

Inspections were not timely performed

Additionally, after the accountants performed their sample testing, Office management stated it had a backlog of 1,339 requested fire prevention inspections (not counting schools or prisons) as of June 30, 2020. (Finding 2, pages 15 – 16)

We recommended the Office work with the Governor and the General Assembly to ensure sufficient resources exist to timely conduct facility licensing inspections.

Office agreed

The Office agreed with the recommendation.

INADEQUATE ENFORCEMENT PROGRAM

The Office failed to implement an adequate enforcement program to ensure compliance with the Elevator Safety and Regulation Act (Act).

The Act (225 ILCS 312/105) states it is the Office's responsibility to develop an enforcement program to ensure compliance with the rules and requirements referenced in the Act. The Office codified its rules governing the enforcement of the program in the Illinois Administrative Code (Code) (41 Ill. Admin. Code 1000). The Code (41 Ill. Admin. Code 1000.150) requires the owner of the conveyance system to apply annually for a certificate of operation. Along with the application, the owner is required to provide to the Office a copy of the most recent annual inspection indicating the system has passed inspection by a licensed elevator inspector.

Expired conveyance inspections

During our testing of the timeliness of conveyance inspections, we noted 15 of 60 (25%) selected conveyance systems did not have an annual inspection performed on them as required by the Code (41 Ill. Admin. Code 1000.140). Furthermore, after noting the lack of inspections, we requested the Office run a detailed report (dated May 14, 2021) to document all active conveyance systems under the Office's jurisdiction which had expired certificates of operations. The report showed 3,999 of 14,282 systems had expired certificates of operation.

Based on the lack of inspections and the number of systems with expired certifications of operation, we determined the Office has not implemented an adequate enforcement program to ensure compliance with the Act. (Finding 3, pages 17 – 18)

We recommended the Office implement an adequate enforcement program to ensure compliance with the Elevator Safety and Regulation Act. In addition, we recommended the Office work with the Governor and the General Assembly to ensure sufficient resources exist to adequately review and approve certifications applied for by owners of conveyance systems.

Office partially agreed

The Office partially agreed with the recommendation and noted they believed the enforcement program to be adequate; however, the Office lacked sufficient resources to ensure compliance.

INADEQUATE CONTROLS OVER FEES

The Office did not exercise adequate controls over its collection and revenue recognition of fees.

During testing, we noted the following:

Failure to collect adequate identifying information

- During our review of the Office’s process for collecting inspection fees for boilers and pressure vessels, we noted the Office lacked an adequate process for identifying the party responsible for paying the fee.

Delinquent accounts not referred to the Debt Collection Bureau

- For all remaining fees, the Office did not refer any of its delinquent accounts receivable to the Department of Revenue’s Debt Collection Bureau.

Account receivables, totaling \$1.662 million, could not be supported

- The Office was unable to provide supporting documentation to substantiate the \$1.662 million net accounts receivable balance reported in the Fiscal Year 2019 Fourth Quarter Quarterly Summary of Accounts Receivable - Accounts Receivable Activity (Form C-97), Quarterly Summary of Accounts Receivable - Aging of Total Gross Receivables (Form C-98), and Quarterly Summary of Accounts Receivable - External Collections Activity for Accounts Over 180 Days Past Due (Form C-99). (Finding 12, pages 42 – 44)

We recommended the Office implement controls to obtain sufficient information about responsible parties to enable the collections of accounts receivable, or seek a legislative remedy to require up-front payment for an inspection at the time when an inspection is scheduled. Further, the Office should refer qualifying debt to the Bureau for external collection efforts. Finally, we recommended the Office implement additional procedures as necessary to ensure adequate supporting documentation is maintained to substantiate its reporting of receivables.

Office agreed

The Office agreed with the recommendation.

OTHER FINDINGS

The remaining findings pertain to inadequate controls over high pressure boiler inspections, monthly reconciliations and expenditure records, employee personnel files and payroll expenditures, contractual and interagency agreements, receipts, grant agreements, travel, state vehicles, state property, performance evaluations, and missing IT equipment; lack of an interagency agreement with the Department of Public Health; failure to establish and maintain a Statewide arsonist database; lack of due diligence over ERP transition; failure to timely implement statutory changes; failure to comply with the Illinois Fire Prevention Act; and inadequate interagency agreement with the Department of Innovation and Technology. We will review the Office’s progress towards the implementation of our recommendations in our next compliance examination.

ACCOUNTANT'S OPINION

The accountants conducted a compliance examination of the Office for the two years ended June 30, 2020, as required by the Illinois State Auditing Act. Because of the effect of the noncompliance described in Findings 2020-001 through 2020-016, the accountants stated the Office did not materially comply with the specified requirements described in the report.

This compliance examination was conducted by the Office of the Auditor General's staff.

SIGNED ORIGINAL ON FILE

JANE CLARK
Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.

SIGNED ORIGINAL ON FILE

FRANK J. MAUTINO
Auditor General

FJM:JMR