

**STATE OF ILLINOIS**  
**OFFICE OF THE STATE FIRE MARSHAL**  
**STATE COMPLIANCE EXAMINATION**  
For the Two Years Ended June 30, 2024

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For the Two Years Ended June 30, 2024**

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

State Fire Marshal (July 1, 2022 – July 4, 2022)	Vacant
Acting State Fire Marshal (July 5, 2022 – March 6, 2023)	Mr. Dale Simpson
State Fire Marshal (March 7, 2023 – May 31, 2025)	Mr. James A. Rivera
State Fire Marshal (June 1, 2025)	Vacant
Acting State Fire Marshal (June 2, 2025 – July 13, 2025)	Mr. Allen Reyne
State Fire Marshal (July 14, 2025 – Present)	Ms. Michele Pankow
Deputy Director (July 1, 2022 – May 31, 2023)	Mr. Fred Schneller
Deputy Director (June 1, 2023 – June 5, 2023)	Vacant
Deputy Director (June 6, 2023 – December 5, 2023)	Mr. Fred Schneller (Temp. Appt.)
Deputy Director (December 6, 2023 – December 12, 2023)	Vacant
Deputy Director (December 13, 2023 – Present)	Mr. Allen Reyne
Chief Administrative Officer	Mr. Ronny Wickenhauser
Chief Fiscal Officer	Mr. Ronny Wickenhauser
Chief Operating Officer (July 1, 2022 – July 4, 2022)	Mr. Dale Simpson
Chief Operating Officer (July 5, 2022 – July 10, 2022)	Vacant
Interim Chief Operating Officer (July 11, 2022 – March 6, 2023)	Mr. James Bentley
Chief Operating Officer (March 7, 2023 – December 31, 2024)	Mr. Dale Simpson
Interim Chief Operating Officer (January 1, 2025 – Present)	Mr. Jeff Pride
Senior Policy Advisor	Ms. Katherine Nunes
General Counsel	Mr. Matthew Taksin
Chief Internal Auditor (July 1, 2022 – July 15, 2022)	Vacant
Chief Internal Auditor (July 16, 2022 – Present)	Mr. Nicholas Barnard

The Office's primary administrative offices are located at:

1035 Stevenson Drive  
Springfield, Illinois 62703

2309 West Main Street  
Marion, Illinois 62959

555 West Monroe Street  
Suite 1300-N  
Chicago, Illinois 60661



# OFFICE OF THE ILLINOIS STATE FIRE MARSHAL

JB Pritzker, Governor  
Michele L. Pankow, State Fire Marshal

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## MANAGEMENT ASSERTION LETTER

March 31, 2026

Honorable Frank J. Mautino  
Auditor General  
State of Illinois  
400 West Monroe Street, Suite 306  
Springfield, Illinois 62704

Auditor General Mautino:

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 State of Illinois, Office of the State Fire Marshal (Office). 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 Office's compliance with the following specified requirements during the two-year period ended June 30, 2024. Based on this evaluation, we assert that during the years ended June 30, 2023, and June 30, 2024, the Office has materially complied with the specified requirements listed below.

- A. The Office 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 Office 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 Office 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 Office 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.

Yours truly,

State of Illinois, Office of the State Fire Marshal

**SIGNED ORIGINAL ON FILE**

Michele Pankow, State Fire Marshal

**SIGNED ORIGINAL ON FILE**

Ronny Wickenhauser, Chief Fiscal Officer

**SIGNED ORIGINAL ON FILE**

Matthew Taksin, General Counsel

**STATE OF ILLINOIS  
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**STATE COMPLIANCE REPORT**

**SUMMARY**

The State compliance testing performed during this examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the *Audit Guide*.

**ACCOUNTANT’S REPORT**

The Independent Accountant’s Report on State Compliance and on Internal Control Over Compliance does not contain scope limitations or disclaimers, but does contain a modified opinion on compliance and identifies material weaknesses over internal control over compliance.

**SUMMARY OF FINDINGS**

<b>Number of</b>	<b><u>Current Report</u></b>	<b><u>Prior Report</u></b>
Findings	19	23
Repeated Findings	14	14
Prior Recommendations Implemented or Not Repeated	9	7

**SCHEDULE OF FINDINGS**

<b><u>Item No.</u></b>	<b><u>Page</u></b>	<b><u>Last/First Reported</u></b>	<b><u>Description</u></b>	<b><u>Finding Type</u></b>
<b>Current Findings</b>				
2024-001	11	2022/2018	Inadequate Controls over Fees and Accounts Receivable	Material Weakness and Material Noncompliance
2024-002	16	2022/2018	Failure to Report School Fire Inspection Violations	Material Weakness and Material Noncompliance
2024-003	18	2022/2020	Noncompliance with the Elevator Safety and Regulation Act	Material Weakness and Material Noncompliance
2024-004	22	2022/2020	Noncompliance with the Boiler and Pressure Vessel Safety Act	Material Weakness and Material Noncompliance

**STATE OF ILLINOIS  
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**SCHEDULE OF FINDINGS (Continued)**

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
<b>Current Findings (Continued)</b>				
2024-005	28	2022/2022	Inadequate Controls over Voucher Processing	Material Weakness and Material Noncompliance
2024-006	32	2022/2018	Inadequate Controls over State Property	Material Weakness and Material Noncompliance
2024-007	36	2022/2018	Inadequate Controls over State Vehicles	Material Weakness and Material Noncompliance
2024-008	41	New	Inadequate Controls over Personal Services	Material Weakness and Material Noncompliance
2024-009	47	2022/2022	Inadequate Controls over Access Rights	Material Weakness and Material Noncompliance
2024-010	49	2022/2022	Inadequate Controls over Applications	Material Weakness and Material Noncompliance
2024-011	51	New	Noncompliance with Mobile Home Park Act	Material Weakness and Material Noncompliance
2024-012	52	New	Inadequate Controls over the Fire Investigation Act	Material Weakness and Material Noncompliance
2024-013	53	New	Inadequate Controls over SBITAs	Material Weakness and Material Noncompliance
2024-014	55	2022/2018	Inadequate Controls over Receipts	Significant Deficiency and Noncompliance
2024-015	57	2022/2020	Failure to Perform Timely Licensing Inspections	Significant Deficiency and Noncompliance

**STATE OF ILLINOIS  
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**SCHEDULE OF FINDINGS (Continued)**

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
<b>Current Findings (Continued)</b>				
2024-016	60	New	Inadequate Controls over Travel	Significant Deficiency and Noncompliance
2024-017	63	2022/2022	Failure to Comply with the Fire Equipment Distributor and Employee Regulation Act of 2011	Significant Deficiency and Noncompliance
2024-018	66	2022/2022	Noncompliance with the Fire Sprinkler Contractor Licensing Act	Significant Deficiency and Noncompliance
2024-019	69	2022/2018	Inadequate Controls over Grant Agreements	Significant Deficiency and Noncompliance
<b>Prior Findings Not Repeated</b>				
A	73	2022/2016	Failure to Establish and Maintain a Statewide Arsonist Database	
B	73	2022/2020	Lack of Interagency Agreements with the Department of Public Health	
C	73	2022/2022	Inadequate Controls over Cybersecurity	
D	73	2022/2020	Inadequate Controls over Electronic Devices	
E	74	2022/2018	Inadequate Controls over Monthly Reconciliations	
F	74	2022/2022	Failure to Comply with the Pyrotechnic Distributor and Operator Licensing Act	
G	74	2022/2022	Noncompliance with Interagency Agreement with the Illinois Department of Revenue	

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**SCHEDULE OF FINDINGS (Continued)**

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
<b>Prior Findings Not Repeated (Continued)</b>				
H	74	2022/2022	Noncompliance with the FCIAA	
I	75	2022/2020	Failure to Comply with the Illinois Fire Protection Training Act	

**EXIT CONFERENCE**

The findings and recommendations appearing in this report were discussed with Office personnel at an exit conference on February 27, 2026.

Attending were:

**Office of the State Fire Marshal**

Michele Pankow, State Fire Marshal  
 Ronny J. Wickenhauser, Chief Fiscal and Administration Officer  
 Allen Reyne, Deputy Director  
 Wale Ashogbon, Public Service Administrator  
 Nicholas B. Barnard, Chief Internal Auditor  
 Jeff Pride, Interim Chief Operating Officer  
 Clint Everetts, Fiscal Management

**Office of the Auditor General**

Andrea Alderman, Audit Manager  
 Tarryn Link, Audit Supervisor  
 Trey Petty, Audit Supervisor  
 David Gleason, IS Auditor II  
 Anthony Giordano, Auditor II

The responses to the recommendations were provided by Nick Barnard, Chief Internal Auditor, in a correspondence dated March 6, 2026.

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OFFICE OF THE AUDITOR GENERAL  
FRANK J. MAUTINO

**INDEPENDENT ACCOUNTANT'S REPORT**  
**ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE**

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

**Report on State Compliance**

We have examined compliance by the State of Illinois, Office of the State Fire Marshal (Office) with the specified 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, 2024. Management of the Office is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the Office's compliance with the specified requirements based on our examination.

The specified requirements are:

- A. The Office 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 Office 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 Office 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 Office 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.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Illinois State Auditing Act (Act), and the *Audit Guide*. Those standards, the Act, and the *Audit Guide* require that we

plan and perform the examination to obtain reasonable assurance about whether the Office complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the Office complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance with the specified requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our modified opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the Office's compliance with the specified requirements.

Our examination disclosed material noncompliance with the following specified requirements applicable to the Office during the two years ended June 30, 2024. As described in the accompanying Schedule of Findings as items 2024-002 through 2024-013, the Office had not complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations. As described in the accompanying Schedule of Findings as item 2024-001, the Office had not ensured the State revenues and receipts collected by the Office were in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts was fair, accurate, and in accordance with law.

In our opinion, except for the material noncompliance with the specified requirements described in the preceding paragraph, the Office complied with the specified requirements during the two years ended June 30, 2024, in all material respects. However, the results of our procedures disclosed instances of noncompliance with the specified requirements, which are required to be reported in accordance with criteria established by the *Audit Guide* and are described in the accompanying Schedule of Findings as items 2024-014 through 2024-019.

The Office's responses to the compliance findings identified in our examination are described in the accompanying Schedule of Findings. The Office's responses were not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the responses.

The purpose of this report is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

### **Report on Internal Control Over Compliance**

Management of the Office is responsible for establishing and maintaining effective internal control over compliance with the specified requirements (internal control). In planning and performing our examination, we considered the Office's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Office's compliance with the specified requirements and to test and report on the Office's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the Office's

internal control. Accordingly, we do not express an opinion on the effectiveness of the Office’s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control 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 and correct, noncompliance with the specified requirements on a timely basis. A material weakness in internal control is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as items 2024-001 through 2024-013 to be material weaknesses.

A significant deficiency in internal control is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as items 2024-014 through 2024-019 to be significant deficiencies.

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

The Office’s responses to the internal control findings identified in our examination are described in the accompanying Schedule of Findings. The Office’s responses were not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the responses.

The purpose of this report is solely to describe the scope of our testing of internal control and the results of that testing based on the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

**SIGNED ORIGINAL ON FILE**

COURTNEY DZIERWA, CPA, CISA, CIA  
Director of Financial and Compliance Audits

Springfield, Illinois  
March 31, 2026

**STATE OF ILLINOIS  
OFFICE OF THE STATE FIRE MARSHAL  
SCHEDULE OF FINDINGS – CURRENT FINDINGS  
For the Two Years Ended June 30, 2024**

2024-001. **FINDING** (Inadequate Controls over Fees and Accounts Receivable)

The Office of the State Fire Marshal (Office) did not exercise adequate controls over its collection of fees and accounts receivable.

Accounts Receivable Testing

During testing, we noted the following:

- During 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. The Office has three ways for triggering an inspection by the Office, each of which lacked a process to gather all information needed to collect on the resulting account receivable, such as the identity of the responsible party and its corresponding taxpayer identification number (TIN). Then, when the actual inspection occurs, the Office’s inspector only confirms the mailing address and, if the person providing the inspector access to the boiler is willing to provide it, the e-mail address for the entity that pays the building’s costs. After the inspection, the Office sends an invoice to the address confirmed by the inspector and, if the amount is not timely paid, the Office sends quarterly statements demanding payment.

Under this process, the Office does not gather enough information to establish and collect each account receivable as established by the Illinois State Collection Act of 1986 (Act). The Act (30 ILCS 210/5(c-1) and (g)) requires the referral of all debts of \$250 or more and 90 days past due to the Office of Comptroller’s Offset System and the referral of all delinquent debt to the Department of Revenue’s Debt Collection Bureau (Bureau).

In order to refer debt to the Office of Comptroller’s (Comptroller) Offset System, the Statewide Accounting Management System (SAMS) (Procedure 26.40.20) requires the Office to provide the debtor’s name and federal employer’s identification number (FEIN) or social security number (SSN).

In order to refer delinquent debt to the Bureau, the Illinois Administrative Code (Code) (74 Ill. Admin. Code 1200.60(e)) requires the Office to provide the Bureau with information about the debtor. For individuals, this includes the debtor’s identity, address, and social security number. For businesses, this includes the debtor’s name and business organization type, the business’s FEIN, and the SSN of the officers of the business.

**STATE OF ILLINOIS  
OFFICE OF THE STATE FIRE MARSHAL  
SCHEDULE OF FINDINGS – CURRENT FINDINGS  
For the Two Years Ended June 30, 2024**

2024-001. **FINDING** (Inadequate Controls over Fees and Accounts Receivable) - Continued

SAMS (Procedure 26.20.10) notes detailed information related to an account receivable is needed to support the recognition and tracking of receivables. SAMS recommends maintaining, at a minimum, (1) the debtor’s name; (2) the debtor’s FEIN or SSN; (3) the debtor’s last known address; (4) the amount of the debt; (5) the “Source of Revenue” code, where applicable; (6) the nature of the debt; (7) the formal due date of the debt; (8) the agency and fund(s) to which the debt is due; and (9) documentation of all collection efforts.

- For all remaining fees, the Office did not refer any of its delinquent accounts receivable to the Bureau.

The Code (74 Ill. Admin. Code 1200.50) defines delinquent debt as all amounts owed of \$10 or more which are more than 90 days past due.

The Act (30 ILCS 210/3) requires the Office to aggressively pursue the collection of accounts or claims due and payable to the State of Illinois through all reasonable means. The Act (30 ILCS 210/5(g)) further requires the Office to refer to the Bureau all qualifying delinquent debt to the State.

During testing of accounts receivable, we noted the following:

- One of 2 (50%) tested accounts receivable, totaling \$1,126,827, was over 90 days delinquent but had not been referred to the Comptroller's Illinois Debt Recovery Offset Portal (IDROP) system as of June 30, 2024.
- One of 2 (50%) tested accounts receivable, totaling \$86,924, was referred to the Comptroller’s Debt Recovery Offset System 481 days late.

The Act (30 ILCS 210/5(c-1)) and the SAMS (Procedure 26.40.20) require the Office to place all debts over \$250 and more than 90 days past due into the Office of Comptroller's Offset System.

**Controls over Non-Sufficient Funds (NSF) Checks**

During testing, we noted the following:

- For one of 9 (11%) NSF checks tested, totaling \$200, the Office was unable to provide evidence that the associated license was revoked, as subsequent payment was not received.

**STATE OF ILLINOIS**  
**OFFICE OF THE STATE FIRE MARSHAL**  
**SCHEDULE OF FINDINGS – CURRENT FINDINGS**  
**For the Two Years Ended June 30, 2024**

2024-001. **FINDING** (Inadequate Controls over Fees and Accounts Receivable) - Continued

The Elevator Safety and Regulation Act (225 ILCS 312/55) states no license shall be granted to any person or firm unless the appropriate application fee is paid. Good internal controls would include timely follow up on NSF checks.

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

Agency Fee Imposition Reports (Reports)

During testing, we noted the following:

- Nine of 16 (56%) fees listed in the Fiscal Year 2022 and Fiscal Year 2023 Reports had total amounts reported that did not trace to the Office's support. This resulted in an \$81,947 understatement and \$9,015 overstatement on the Fiscal Year 2022 and Fiscal Year 2023 Reports, respectively.
- Eight of 16 (50%) fees listed in the Fiscal Year 2022 and Fiscal Year 2023 Reports did not include all fees the Office is authorized to charge.
- Four of 16 (25%) fees listed in the Fiscal Year 2022 and Fiscal Year 2023 Reports did not include the statutory authority allowing the Office to charge the fees.
- Two of 16 (13%) fees listed in the Fiscal Year 2022 and Fiscal Year 2023 Reports had amounts charged listed incorrectly.

The State Comptroller Act (15 ILCS 405/16.2) requires a State agency that imposes fees to file the Agency Fee Imposition Report Form established under Section 3-8.5 of the Illinois State Auditing Act with the Comptroller at the time the Comptroller specifies by rule. SAMS (Procedure 33.16.20) states that fees are charges by State agencies to citizens and private organizations. They include assessments, fares, fees, fines, levies, licenses, penalties, permits, registrations, tolls, and tuition. They do not include the following: (1) criminal and civil penalties (e.g., court fines, speeding tickets); (2) charges to State employees for insurance and retirement; and (3) charges commonly considered taxes (e.g., hotel operators' tax, liquor taxes, sales and use taxes).

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**For the Two Years Ended June 30, 2024**

2024-001. **FINDING** (Inadequate Controls over Fees and Accounts Receivable) - Continued

SAMS (Procedure 33.16.10) states that the agency is required to report the total amount of revenue generated during the fiscal year for which the report is prepared.

The FCIAA (30 ILCS 10/3001) requires the Office to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that revenues, expenditures, and transfers of assets, resources, or funds 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.

Both in the current and prior examinations, Office management stated the Office does not believe it is cost effective to refer delinquent accounts to the Bureau. Additionally, Office management indicated the issues noted were due to employee error and oversight.

Finally, this finding was first noted in the Office's State Compliance Examination for the two years ended June 30, 2018. Office management has been unsuccessful in implementing a corrective action plan to remedy this condition.

Failure to gather adequate information about the responsible party to enable the establishment of accounts receivable could result in lost revenue or delayed cash collections for the State. Additionally, failure to refer qualifying delinquent debt to the Bureau could result in the State realizing less cash than possible from its account receivable and represents noncompliance with State laws and regulations. Further, failure to obtain payment for licenses and permits leads to lost revenue for the State and noncompliance with State laws and regulations. Finally, inaccurate reporting of fees on the Reports submitted to the Comptroller results in the Comptroller reporting inaccurate information on the Statewide Agency Fee Imposition Report submitted to the General Assembly and represents noncompliance with laws and regulations. (Finding Code No. 2024-001, 2022-002, 2020-012, 2018-002)

**RECOMMENDATION**

We recommend the Office implement controls to obtain sufficient information about responsible parties to enable the collection of accounts receivable, or seek a legislative remedy to require up-front payment for an inspection at the time when an inspection is scheduled. Additionally, the Office should refer qualifying debt to the Bureau and the Office of the Comptroller for external collection efforts. Further, we recommend the Office implement controls to ensure licenses or permits are revoked when NSF payments are

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2024-001. **FINDING** (Inadequate Controls over Fees and Accounts Receivable) - Continued

received. Finally, we recommend the Office ensure its reports are accurately completed and contain all of the required information.

**OFFICE RESPONSE**

The Office agrees with the finding. The Office has been aware that it does not collect sufficient details for boiler inspection fees to verifiably identify the party responsible for the receivable. There are often issues determining what party maintains ultimate responsibility for a boiler or pressure vessel. Neither state statute nor administrative rule gives the Office authority to mandate that a TIN is provided to the Office. Without this information it is difficult to file an offset or engage in other collection methods for delinquent invoices. The Office will continue to examine this issue and work on ways that it may be able to obtain the information necessary to file offsets for overdue boiler and pressure vessel inspection invoices. However, the Office does not believe that requiring upfront payment for inspections is the appropriate solution.

As to referrals to the Department of Revenue's Debt Collection Bureau, the Office in the past has engaged the services of collection agencies identified by the Bureau. The Office has had no success in utilizing these services and determined that the administrative work necessary to engage these services is not a good use of time. The Office refers the largest portion of its accounts receivable (underground storage tank fines and penalties) to the Comptroller's offset system and the Office has been successful at receiving some payments utilizing this system.

The Office agrees that a license for an NSF check was not revoked, and Fiscal will communicate with the Divisions in the future, when these situations occur.

The Office agrees with the errors noted in the Fee Imposition Report and will work to fix the errors in the next report submission.

**STATE OF ILLINOIS  
OFFICE OF THE STATE FIRE MARSHAL  
SCHEDULE OF FINDINGS – CURRENT FINDINGS  
For the Two Years Ended June 30, 2024**

2024-002. **FINDING** (Failure to Report School Fire Inspection Violations)

The Office of the State Fire Marshal (Office) did not always report identified violations to the regional superintendents (superintendent).

During testing, we noted the following:

- Fifty-six of 60 (93%) sampled inspections of public schools conducted by the Office or a qualified official to whom the Office has delegated its authority during the examination period contained violations noted by the inspector. For those 56 inspections containing violations, we noted the following:
  - Thirteen (23%) reports with violations did not have evidence the report had been submitted to the superintendent.
  - For twelve (21%) reports with violations, we were unable to determine whether the report was sent to the superintendent within 15 days after the inspection as supporting documentation did not include the date sent.
  - Two (4%) reports with violations were reported to the superintendent 1 and 8 days late.

The School Code (Code) (105 ILCS 5/3-14.21(c)) requires the Office, or a qualified official to whom the Office has delegated its authority, to report violations in writing to the superintendent within 15 days after the inspection was conducted, which triggers a requirement for the superintendent to address violations not timely corrected. Under the Code (105 ILCS 5/3-14.21(b)), if a superintendent finds a school board failed to timely correct a violation, the superintendent shall order the school board to adopt and submit a plan to the superintendent for the immediate correction of the violation. The school board must adopt this plan after conducting a public hearing where notice of the meeting was given in a newspaper of general circulation within the school district. If, during the next annual inspection, the superintendent finds the violations have not been corrected, the superintendent must submit a report to the State Board of Education recommending withholding of the school district's general State aid or evidence-based funding so the superintendent can enter into contracts to correct the outstanding violations. During a hearing, after providing notice to both the superintendent and the school board, the State Board of Education can order the diversion of State funds to the superintendent to correct the violations.

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SCHEDULE OF FINDINGS – CURRENT FINDINGS  
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2024-002. **FINDING** (Failure to Report School Fire Inspection Violations) - Continued

The State Records Act (Act) (5 ILCS 160/8) requires the Office to make and preserve records containing adequate and proper documentation of its organization, functions, policies, decisions, procedures, and essential transactions.

Finally, this finding was first noted in the Office’s State Compliance Examination for the two years ended June 30, 2018. Office management has been unsuccessful in implementing a corrective action plan to remedy this condition.

Both in the prior and current examinations, Office management indicated the fire department is responsible for sending the inspection report to the applicable superintendent. Additionally, Office management indicated the fire inspection system used by the Office lacks the necessary controls to ensure that fire departments are submitting violations to superintendents as required.

Failure to properly report violations increases the risk that schoolchildren are being educated in dangerous and unsafe conditions and represents material noncompliance with the Code. (Finding Code No. 2024-002, 2022-003, 2020-001, 2018-001)

**RECOMMENDATION**

We recommend the Office enhance its internal controls to provide assurance violation reports are timely sent to the school’s applicable superintendent. Further, the Office should ensure copies of all inspections performed are retained.

**OFFICE RESPONSE**

The Office agrees with the finding. The Office created a new Life Safety Checklist which includes a checkbox indicating the Regional Office of Education (ROE) received the report at the time of inspection. If the box is unchecked, then the Office requires Qualified Fire Officials (QFOs) to upload a copy of the email sent to the ROE in the Inspection Software. If a report is sent to the Office that does not indicate that the ROE received a copy on site, and a copy of the email sent to the ROE was not provided, then the report is returned to the QFO’s to properly complete.

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2024-003. **FINDING** (Noncompliance with the Elevator Safety and Regulation Act)

The Office of the State Fire Marshal (Office) was not in compliance with the Elevator Safety and Regulation Act (Act) (225 ILCS 312).

Conveyance Inspections

During the examination, we requested the Office provide us with a population listing of registered conveyances. After reviewing the population provided, the auditor noted that there were several inconsistent entries that affected the reliability of the population. Specifically, we noted 227 of 16,661 (1%) registered conveyances were listed as active, but had a last inspection date entry of “N/A”. Due to this, it appears the Office does not have sufficient controls in place to protect against incorrect information being entered into the Office's elevator certification system.

Due to these conditions, we were unable to conclude whether the Office's population records were sufficiently precise and detailed under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.36) to test the Office's conveyance inspections.

Even given the population limitations noted above which hindered our ability to conclude whether the selected sample was representative of the population as a whole, we performed testing and noted the following:

- For 31 of 60 (52%) conveyances selected for testing, the Office could not locate a copy of annual inspection reports to substantiate the required inspection had been performed.
- 14,397 of 16,661 (86%) registered conveyances were listed as active in the Office's records, but of the 14,397 registered conveyances listed as active, 1,106 (8%) had most recently been inspected prior to July 1, 2022, the beginning of our examination period.

The Act (225 ILCS 312/120) states it is the responsibility of the owner of all new and existing conveyances located in any building or structure to have the conveyance inspected annually by a person, firm, or company to which a license to inspect conveyances has been issued. The person, firm, or company conducting the inspection shall use the inspection form prescribed by the Elevator Safety Review Board pursuant to subsection (k) of Section 35 of this Act. Subsequent to inspection, the licensed person, firm, or company must supply the property owner

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2024-003. **FINDING** (Noncompliance with the Elevator Safety and Regulation Act) - Continued

or lessee with a written inspection report describing any and all code violations. Property owners shall have 30 days from the date of the published inspection report to be in full compliance by correcting the violations. The Office shall determine, upon receiving a final inspection report from the property owner or lessee, whether such violations have been corrected and may extend the compliance dates for good cause, provided that such violations are minor and pose no threat to public safety. Additionally, 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.

Conveyance Complaints

During the examination, we requested the Office provide us with a population listing of alleged violations in relation to the Act (225 ILCS 312/105). During discussions with the Office about how the population was compiled, we noted that the Office lacks internal controls over the population. Specifically, the Office does not have a way to track investigation requests received, as the Office receives these requests through a variety of sources.

Due to these conditions, we were unable to conclude whether the Office's population records were sufficiently precise and detailed under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.36) to test alleged violations under the Act (225 ILCS 312/105).

Even given the population limitations noted above which hindered our ability to conclude whether selected samples were representative of the population as a whole, we attempted to perform testing and noted that for 60 of 60 (100%) of the alleged violations selected for testing, the Office was unable to provide documentation related to the requests and determinations of alleged violations. Therefore, we were unable to complete testing to determine and verify the Office was in compliance with the requirements of the Act.

The Act (225 ILCS 312/105(b-c)) states any person may make a request for an investigation into an alleged violation of this Act by giving notice to the Office or Local Administrator (municipality or county) of such violation or danger. The notice shall be in writing, shall set forth with reasonable particularity the grounds for the notice, and shall be signed by the person making the request. Further, upon the request of any person signing the notice, the person's name shall not appear on any copy of the notice or any record published, released, or made available. If the Local Administrator determines that there

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are reasonable grounds to believe that such violation or danger exists, the Local Administrator shall forward the request for an investigation to the Office. Further, if upon receipt of such notification, the Office determined that there are reasonable grounds to believe that such violation or danger exists, the Office shall cause to be made or permit the Local Administrator to conduct an investigation in accordance with the provisions of the Act as soon as practicable. If the Office determines that there are no reasonable grounds to believe that a violation or danger exists, he or she shall notify the party in writing of such determination.

The State Records Act (5 ILCS 160/8) requires the Office to make and preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the agency designed to furnish information to protect the legal and financial rights of the State and of persons directly affected by the agency's activities.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Office to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that resources are utilized efficiently, effectively, and in compliance with applicable laws and that revenues, expenditures, and transfers of assets, resources, or funds 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.

Finally, this finding was first noted in the Office's State Compliance Examination for the two years ended June 30, 2020. Office management has been unsuccessful in implementing a corrective action plan to remedy this condition.

During the previous examination, Office management indicated the Office lacks sufficient resources to fully enforce all requirements of the Act. During the current examination period, Office management indicated the issues noted above were due to lack of internal controls.

Failure to ensure conveyances are inspected annually as required by the Act represents an increased risk of compromising the safety of the general public when they utilize conveyance systems operated within the State. Additionally, failure to properly document and track alleged violations of the Act could result in the violation not being followed through to resolution. Further, these conditions represent noncompliance with State laws and rules. (Finding Code. No. 2024-003, 2022-022, 2020-003)

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2024-003. **FINDING** (Noncompliance with the Elevator Safety and Regulation Act) - Continued

**RECOMMENDATION**

We recommend the Office strengthen its controls over the listing of registered conveyances to ensure conveyances are inspected as required and that documentation of the inspections is maintained. In addition, we recommend the Office establish controls to track requests received for investigations of alleged violations under the Act and maintain documentation to substantiate the alleged violations were appropriately considered for investigation.

**OFFICE RESPONSE**

The Office agrees with the finding. The Office reviewed compliance for the 31 sample items provided by the auditors, and nearly all these conveyances are now in compliance. The Office passed a rule which will not let an elevator company work on an elevator unless it is inspected or has received a 60-day extension. This rule change has increased compliance considerably. The Office will evaluate the program to look for efficiencies to decrease the number of elevators out of compliance with the Act.

For the missing reports, the Office agrees that these inspection reports cannot be located at this time. OSFM is confident that the inspections were performed. Since the system has been updated, these were probably misplaced in scanning and indexing of the reports.

The Office agrees that, at the time of the audit, the Office did not have a formal method to track Complaints that came in relating to Elevators. The Office now uses a spreadsheet to track these complaints and hopes this will correct the issue related to Elevator Complaints.

Related to the population issues, the Office was not aware of why these data issues are present, however, the Office will work to evaluate how to get the data fixed. OSFM migrated to a new system on August 29, 2025, and hopes that this system will fix these types of issues in the future.

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2024-004. **FINDING** (Noncompliance with the Boiler and Pressure Vessel Safety Act)

The Office of the State Fire Marshal (Office) did not have sufficient controls over the performance of inspections required by the Boiler and Pressure Vessel Safety Act (Act) (430 ILCS 75).

Upon requesting a listing of pressure vessel systems and low pressure boilers (including hot water heating, hot water supply, and steam heating boilers) under the Office's jurisdiction required to have inspections during the examination period, we noted the Office did not maintain adequate controls over the listing of pressure vessels and low pressure systems provided. Due to the limitations of the Office's boiler database, the Office manually excluded a number of systems from the listings they deemed inspections to not have taken place during our examination period. However, based on the system recorded activity due and certificate expiration dates, we determined that some of these excluded items had or should have had inspections during the examination period. Additionally, after selecting a sample of low pressure boilers under the Office's jurisdiction during the examination period and testing the required inspections, we noted 1 of 60 (2%) boilers selected for testing was constructed subsequent to the examination period. As such, this boiler should not have been included within the requested population of low pressure boilers. Furthermore, after selecting a sample of traction steam engine boilers and other boilers constructed before 1992 under the Office's jurisdiction during the examination period and testing the required inspections, we noted 4 of 16 (25%) boilers selected for testing were inactive during the examination period; however, the status was not updated in the boiler database. As such, these boilers should not have been included within the requested population of traction steam engine boilers and other boilers.

Due to these conditions, we were unable to conclude whether the Office's population records were sufficiently precise and detailed under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.36) to test the Office's pressure vessel system inspections, low pressure boiler inspections, and traction steam engine boiler and other boiler inspections.

Even given the population limitations noted above which hindered our ability to conclude whether selected samples were representative of the population as a whole, we performed testing and noted the following:

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2024-004. **FINDING** (Noncompliance with the Boiler and Pressure Vessel Safety Act)  
- Continued

Power Boilers

We selected 39 power boilers for testing and noted the following:

- For 3 of 15 (20%) annual external and 2 of 15 (13%) annual internal power boiler inspections required, the Office failed to perform the inspections.
- For 31 of 60 (52%) annual external and 7 of 60 (12%) annual internal power boiler inspections required covered by external special inspectors, on behalf of the Office, we were unable to determine if the inspections were performed due to a lack of adequate documentation.
- For 1 of 60 (2%) annual external power boiler inspections required covered by an external special inspector, on behalf of the Office, the inspection was not performed prior to the end of the 90-day period after the certificate expiration. The inspection took place 145 days after the previous certificate expired, 55 days late.
- 15 of 156 (10%) internal or external certificate expiration dates were set further out than the annual inspection requirement. Specifically, we noted the certificate expiration dates were set between 223 and 721 days after the annual inspection requirement.

The Act (430 ILCS 75/10(a)(1)) requires power boilers used or proposed to be used within the State be inspected by the Office or an external special inspector annually. Annual inspections are required for both internal and external inspections of power boilers while they are not under pressure, and external inspection of power boilers while they are under pressure, if possible. Additionally, the Illinois Administrative Code (Code) (41 Ill. Admin. Code 2120.40(t)) states the Chief or a Deputy Inspector employed by the Division, and Special Inspectors, shall have up to 90 days after the expiration of the inspection certificate to conduct his or her inspection.

The Fiscal Control and Internal Auditing Act (FCIAA) (30 ILCS 10/3001) requires the Office to establish and maintain a system, or systems, of internal fiscal and administrative controls, to provide assurance that resources are utilized efficiently, effectively, and in compliance with applicable law, and that revenues, expenditures, and transfers of assets, resources, or funds 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.

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2024-004. **FINDING** (Noncompliance with the Boiler and Pressure Vessel Safety Act)  
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Low Pressure Boilers

We selected 60 low pressure boilers, including hot water heating, hot water supply, and steam heat boilers, for testing and noted the following:

- For 7 of 28 (25%) low pressure boiler inspections required, the Office failed to perform the required biennial inspections.
- For 6 of 28 (21%) low pressure boiler inspections performed by the Office, the inspections were not performed prior to the end of the 90-day period after the certificate expiration. Specifically, the inspections took place between 173 and 977 days after the previous certificate expired, between 83 and 887 days late.
- For 3 of 31 (10%) low pressure boiler inspections performed by external special inspectors, on behalf of the Office, the inspections were not performed prior to the end of the 90-day period after the certificate expiration. Specifically, the inspections took place between 93 and 184 days after the previous certificate expired, between 3 and 94 days late.

The Act (430 ILCS 75/10(a)(2)) requires low pressure hot water heating boilers, low pressure hot water supply boilers, and low pressure steam heater boilers to be inspected biennially. Additionally, the Code (41 Ill. Admin. Code 2120.40(t)) states the Chief or a Deputy Inspector employed by the Division, and Special Inspectors, shall have up to 90 days after the expiration of the inspection certificate to conduct his or her inspection.

Pressure Vessel Systems

We selected 60 pressure vessel systems for testing and noted the following:

- For 4 of 35 (11%) pressure vessel system inspections performed by the Office, the inspections were not performed prior to the end of the 90-day period after the certificate expiration. Specifically, the inspections took place between 105 and 376 days after the previous certificate expired, between 15 and 286 days late.
- For 1 of 25 (4%) pressure vessel system inspections performed by external special inspectors, on behalf of the Office, the inspection was not performed prior to the end of the 90-day period after the certificate expiration. Specifically, the inspection took place 1,510 days after the certificate expired, 1,420 days late.

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2024-004. **FINDING** (Noncompliance with the Boiler and Pressure Vessel Safety Act)  
- Continued

The Act (430 ILCS 75/10(a)(4)-(5)) requires pressure vessels subject to internal corrosion to receive a certificate inspection every three years and pressure vessels not subject to internal corrosion to receive a certificate inspection at intervals set by the Board of Boiler and Pressure Vessel Rules (Board). The Board set these inspections to also be required every three years. Additionally, the Code (41 Ill. Admin. Code 2120.40(t)) states the Chief or a Deputy Inspector employed by the Division, and Special Inspectors, shall have up to 90 days after the expiration of the inspection certificate to conduct his or her inspection.

Traction Steam Engine Boilers and Other Boilers

We selected 16 traction steam engine boilers and other boilers for testing and noted the following:

- For 4 (25%) traction steam engine boilers and other boilers selected for testing, the Office failed to perform inspections prior to the end of the 90-day period after the certificate expiration. Specifically, the inspections took place between 299 and 5,429 days after the previous certificate expired, between 209 and 5,339 days late.

The Act (430 ILCS 75/10(a)(3)) requires traction steam engine boilers and other boilers constructed before the effective date of the Act and operated solely for exhibition purposes to be inspected every two years. Additionally, the Code (41 Ill. Admin. Code 2120.40(t)) states the Chief or a Deputy Inspector employed by the Division, and Special Inspectors, shall have up to 90 days after the expiration of the inspection certificate to conduct his or her inspection.

Finally, this finding was first noted in the Office's State Compliance Examination for the two years ended June 30, 2020. Office management has been unsuccessful in implementing a corrective action plan to remedy this condition.

During the current and previous examinations, Office management indicated the errors noted with the populations of pressure vessel systems and low pressure boiler systems were due to the limitations of the Office's database. Additionally, Office management indicated that the error noted with the population of steam and traction engine boilers was due to employee error. Office management further indicated the inspections that were not performed or not timely performed were due to employee error and oversight. Finally, the Office does not require special inspectors to provide documentation confirming the performance of non-certificate external inspections if no issues were noted.

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2024-004. **FINDING** (Noncompliance with the Boiler and Pressure Vessel Safety Act)  
- Continued

Failure to timely perform and maintain documentation required inspections of boiler and pressure vessel systems used or proposed to be used in the State as required by the Act represents a risk of compromising the safety of the general public. Failure to record the correct certificate expiration dates increases the risk that a system will not receive the required inspection at the appropriate time. Further, without the Office providing complete and accurate documentation to enable testing, the accountants were impeded in completing their procedures and providing useful and relevant feedback to the General Assembly regarding the Office's compliance with the Act. (Finding Code No. 2024-004, 2022-005, 2020-004)

**RECOMMENDATION**

We recommend the Office conduct annual inspections as required by the Act and maintain documentation of the inspections. Additionally, we recommend the Office strengthen controls to ensure certificate expiration dates are accurately entered into the database. Finally, we recommend the Office implement measures to ensure populations provided to facilitate sample selection are accurate and complete.

**OFFICE RESPONSE**

The Office accepts the finding. The Office recently began utilizing a new system that should resolve issues of category population. The Office would like to note that the owner-user of the boiler system is responsible for scheduling inspections of their equipment. Additionally, during FY23-24, the Office had an open inspector position all year, and that work was being performed by a team with other inspectors. Each of the major category issues are addressed below:

**Power Boilers**

The Office accepts the exceptions noted by the auditors. The Office wants to note that 430 ILCS 75/8(d) states "...reports of non-certificate external inspections need not be submitted except when those inspections disclose that the boiler or pressure vessel is in an unsafe condition or in violation of the rules and regulations of the Board." These inspections may have been performed without unsafe conditions or violations, and therefore, would not have been required to be submitted to the Office.

**Low Pressure Boilers**

The Office agrees with the exceptions noted by the auditors

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- Continued

Pressure Vessel Systems

The Office agrees with the exceptions noted by the auditors

Traction Steam Engine Boilers and Other Boilers

The Office accepts the exceptions noted by the auditors. The Office wants to note that 430 ILCS 75/10(a)(3) states "Traction engine boilers and other boilers used solely for exhibition purposes shall be inspected every 2 years". This doesn't distinguish between external and internal inspections. The Division makes it a practice to perform operating non-Certificate inspections at all known exhibition venues thus ensuring public safety and testing of control/devices. Operating logs and posting of current Certificates for interested parties are reviewed. Any unit found not to be in compliance or not having valid Certificate of Operation is forced to shut down.

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2024-005. **FINDING** (Inadequate Controls over Voucher Processing)

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

Due to our ability to rely upon the processing integrity of the Enterprise Resource Planning System (ERP) operated by the Department of Innovation and Technology (DoIT), we were able to limit our voucher testing at the Office to determine whether certain key attributes were properly entered by the Office's staff into ERP. In order to determine the operating effectiveness of the Office's internal controls related to voucher processing and subsequent payment of interest, we selected a sample of key attributes (attributes) to determine if the attributes were properly entered into the State's ERP based on supporting documentation. The attributes tested were 1) vendor information, 2) expenditure amount, 3) object(s) of expenditure, and 4) the later of the receipt date of the proper bill or the receipt date of the goods and/or services.

We were unable to determine whether 3 of 140 (2%) attributes were properly entered into the ERP System as the dates the invoices were initially received were not documented. In addition, 1 of 140 (1%) attributes was not properly entered into the ERP System. Therefore, the Office's internal controls over voucher processing **were not operating effectively**.

The Statewide Accounting Management System (SAMS) (Procedure 17.20.20) requires the Office to, after receipt of goods or services, verify the goods or services received met the stated specifications and prepare a voucher for submission to the Comptroller's Office to pay the vendor, including providing vendor information, the amount expended, and object(s) of expenditure. Further, the Illinois Administrative Code (Code) (74 Ill. Admin. Code 900.30) requires the Office to maintain records which reflect the date goods were received and accepted, the date services were rendered, and the proper bill date. Finally, the Fiscal Control and Internal Auditing Act (FCIAA) (30 ILCS 10/3001) requires the Office to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance expenditures are properly recorded and accounted for to maintain accountability over the State's resources.

Due to this condition, we qualified our opinion because we determined the Office had not complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

Even given the limitations noted above, we conducted an analysis of the Office's expenditure data for Fiscal Year 2023 and Fiscal Year 2024 and noted the following noncompliance:

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2024-005. **FINDING** (Inadequate Controls over Voucher Processing) - Continued

- The Office did not timely approve 76 of 4,545 (2%) general vouchers processed during Fiscal Year 2023 and Fiscal Year 2024, totaling \$730,689. The vouchers were approved between 32 and 67 days after receipt of a proper bill or other obligating document.

The Code (74 Ill. Admin. Code 900.70) requires the Office to timely review each vendor's invoice and approve proper bills within 30 days after receipt.

- For 5 of 35 (14%) general vouchers selected for testing, totaling \$260,480, and 5 of 60 (8%) payroll vouchers selected for testing, totaling \$2,772, Office staff forwarded the invoice and email supporting documentation to a personal-use email address.

The Office's Employee Handbook, Section 17-3, states that users may not create email rules or other automated processes to forward any e-mail to external e-mail accounts, personal or otherwise. This includes carbon copying to personal accounts. In addition, good internal controls require Office staff to not forward agency emails to personal accounts as this increases the risk of data breaches and improper oversight of State employee communication.

- Three of 35 (9%) general vouchers tested were printing vouchers, totaling \$13,369. Printed material from two of the three (67%) printing vouchers tested did not include the phrase "Printed by Authority of the State of Illinois", the date of each publication, the number of copies printed, and the printing order number.

The Illinois Procurement Code (30 ILCS 500/20-105) requires all books, pamphlets, documents, and reports published through or by the State of Illinois or by any State agency, board, or commission to have printed thereon "Printed by Authority of the State of Illinois," the date of each publication, the number of copies printed, and the printing order number.

- For 1 of 35 (3%) general vouchers selected for testing, totaling \$930, the Office did not have a duly approved purchase order or purchase requisition to support the invoice paid.

The Office's Employee Handbook, Section 16-1, states Office employees are not authorized to initiate procurements, sign for purchases, or to charge purchases to the Office without the proper prior authorization.

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2024-005. **FINDING** (Inadequate Controls over Voucher Processing) - Continued

The FCIAA (30 ILCS 10/3001) requires the Office to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance expenditures are properly recorded and accounted for to maintain accountability over the State’s resources. In addition, good internal controls should ensure expenditures are supported with approved purchase orders or requisitions, and vendor invoices before payment.

During the previous examination, Office management indicated the deficiencies noted were due to employee error. During the current examination, Office management indicated the issues noted were due to employee error and employee oversight.

Failure to maintain documentation of the proper bill date and properly enter the key attributes into the State’s ERP when processing a voucher for payment hinders the reliability and usefulness of data extracted from the ERP, which can result in improper interest calculations and expenditures. In addition, failure to timely process proper bills and obligations due, include complete printing order information, and having an approved purchase order represents noncompliance with State laws and regulations. Failure to timely process proper bills and obligations due may result in unnecessary interest charges and cash flow challenges for payees. Further, failure of staff to follow the Office’s rules and forward emails to their personal email address could expose confidential, sensitive, or personal information to unauthorized parties. (Finding Code No. 2024-005, 2022-009)

**RECOMMENDATION**

We recommend the Office design and maintain internal controls to provide assurance its data entry of key attributes into the ERP system is complete and accurate. In addition, we recommend the Office strengthen its controls over timeliness of voucher approvals, maintain all supporting documentation for invoices paid, and ensure agency emails are not forwarded to personal-use email addresses. Further, we recommend the Office ensure all information required by the Illinois Procurement Code is included on printed items.

**OFFICE RESPONSE**

The Office accepts this finding. The Office would like to note that it follows the SAMS manual and the Office policies and procedures as it relates to date stamping of mail, and ultimately, how that gets entered into ERP. The Office has not had to pay Prompt Payment Interest on any vouchers during the audit scope. For the information that was emailed, that employee no longer works for the Office and this has been discussed to ensure it doesn’t

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2024-005. **FINDING** (Inadequate Controls over Voucher Processing) - Continued

occur in the future. The Office will ensure printed products contain the required wording and that POs are obtained for invoices when paid.

**ACCOUNTANT’S COMMENT**

Information that needs to be entered into ERP is the date received by the Office. This date needs to be documented in order to determine timeliness.

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2024-006. **FINDING** (Inadequate Controls over State Property)

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

Forwards and Backwards Testing

During testing, we noted the following:

- Five of 60 (8%) items selected for forwards testing (property listing to floor), totaling \$47,387, were located in a different geographical location than reported on the Office's property listing.
- One of 60 (2%) items selected for forwards testing (property listing to floor), totaling \$48,788, did not have a location included on the Office's property listing.
- Six of 60 (10%) items selected for backwards testing (floor to property listing), totaling \$177,786, were located in a different geographical location than reported on the Office's property listing.
- Two of 60 (3%) items selected for backwards testing (floor to property listing), totaling \$43,481, did not have a location included on the Office's property listing.

The Statewide Accounting Management System (SAMS) (Procedure 29.10.10) requires the Office to maintain current property records, including the location. Additionally, the Illinois Administrative Code (Code) (44 Ill. Admin. Code 5010.230) requires the Office to correctly enter each item's location code number on its property listing. Further, the Code (44 Ill. Admin. Code 5010.400) requires the Office to adjust property records within 90 days after acquisition, change, or deletion of equipment items.

Equipment Additions Testing

During testing, we noted the following:

- One of 29 (3%) items selected for testing was reported on the Office's property records at an incorrect value, resulting in an overstatement of inventory for Fiscal Year 2024 of \$17,615.

SAMS (Procedure 03.30.20) states the basic cost of equipment usually is determined by all of the costs necessary to acquire the asset and place it into service.

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2024-006. **FINDING** (Inadequate Controls over State Property) - Continued

Additionally, the Fiscal Control and Internal Auditing Act (FCIAA) (30 ILCS 10/3001) requires the Office to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that resources 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.

- One of 29 items (3%) purchased, totaling \$48,009, was added to the Office's property records 160 days after the actual receipt date of the item.

The Code (44 Ill. Admin. Code 5010.400) requires the Office to adjust property records within 90 days of acquisition, change, or deletion of equipment items.

Agency Report of State Property

During testing, we noted the following:

- The deletion amount reported during the third quarter of Fiscal Year 2023 on the Office's *Agency Report of State Property* (Form C-15) could not be traced to the Office's supporting records. A difference of \$385,442 was noted.

SAMS (Procedure 29.20.10) details the procedures for the Office's proper completion of the C-15s. Additionally, the State Records Act (5 ILCS 160/8) requires the Office to preserve records containing adequate and proper documentation.

Annual Certification of Inventory

During testing, we noted the following:

- During its annual physical inventory in Fiscal Year 2023, the Office was unable to locate 5 of 261 (2%) equipment items, totaling \$21,803, and included them as lost on its Annual Certification of Inventory filed with the Department of Central Management Services (DCMS) during Fiscal Year 2023.

The State Property Control Act (30 ILCS 605/4) requires the Office to be accountable for the supervision, control, and inventory of all items under its jurisdiction and control. Additionally, the FCIAA (30 ILCS 10/3001) requires the

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Office to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation.

Finally, this finding was first noted in the Office’s State Compliance Examination for the two years ended June 30, 2018. Office management has been unsuccessful in implementing a corrective action plan to remedy this condition.

During the previous examinations, Office management indicated the issues noted were due to employee error. During the current examination, Office management indicated the issues were the result of employee error and lack of communication.

Failure to maintain accurate and complete property records to include each item’s location, specific description, and purchase amount increases the potential for loss or theft of State property, reduces the reliability of Statewide fixed asset information, and represents noncompliance with State regulations. (Finding Code No. 2024-006, 2022-015, 2020-016, 2018-003)

**RECOMMENDATION**

We recommend the Office strengthen its internal controls over State property by regularly reviewing the Office’s property listing, including recent equipment transactions, to ensure it is complete and accurate and timely recording equipment transactions. In addition, we recommend the Office ensure the Form C-15s are accurately completed. Further, we recommend the Office strengthen its controls to ensure State property is not lost.

**OFFICE RESPONSE**

The Office agrees with this finding. The Office has reminded staff to notify the Property Control Coordinator on items that are moved to a different location. Additionally, the Office will work to clean up records to ensure that all items are reported to the correct location. The overreporting of inventory was due to a data entry error and has been corrected. The lack of adding an item to inventory was due to employee oversight. The errors noted in the Office support for the FY23 third quarter C-15 report were due to a mass deletion of records due to the change in the inventory threshold to \$2,500. While the supporting records could not be reconciled the Office would like to note that the inventory balance listed on the C-15 reports is correct. The additions and deletions errors did not affect the overall inventory balance. The Office followed proper procedures in reporting

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lost inventory items. The Office believes that the items were sent to surplus and not properly recorded. The Office will strive to prevent the loss of items in the future.

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2024-007. **FINDING** (Inadequate Controls over State Vehicles)

The Office of the State Fire Marshal (Office) did not maintain adequate controls over the administration of its State vehicles.

Testing of Vehicle Records

During our testing of vehicle records, we noted the following:

- The Office did not maintain adequate controls over its vehicle inventory listing during the examination period. The listing did not contain enough detail to accurately determine the number of vehicles in service and individual vehicle assignments as of June 30, 2024. The listing has several instances of drivers with more than one vehicle assignment, did not contain actual in-service dates for several vehicles, and vehicle assignments for several individuals did not agree with the Individually Assigned Vehicle Report provided from the Fleet Management System.

Due to the conditions above, the accountants were unable to conclude that the Office's Vehicle Inventory Records were sufficiently precise and detailed under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.36).

The Fiscal Control and Internal Auditing Act (FCIAA) (30 ILCS 10/3001) requires the Office to establish and maintain a system, or systems, of internal fiscal and administrative controls, to provide assurance that revenues, expenditures, and transfers of assets, resources, or funds 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 beginning mileage per the Office's vehicle listing for 2 of 28 (7%) vehicles tested does not appear to be accurate. In addition, the ending mileage per the Office's vehicle listing for 2 of 28 (7%) vehicles tested does not appear to be accurate. For one of these vehicles, the ending mileage was recorded as less than the beginning mileage. In addition, for the remaining three vehicles, the mileage reported on maintenance records was inconsistent with the mileage recorded on the vehicle listing.

The State Records Act (Act) (5 ILCS 160/8) requires the Office to make and preserve records containing adequate and proper documentation of the essential transactions of

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the Office designed to furnish information to protect the legal and financial rights of the State and of persons directly affected by the Office’s activities.

Vehicle Maintenance Testing

The Office began utilizing the Fleet Management System (FMS) in February of 2024 to track vehicle assignments and vehicle maintenance records and expenses. During our testing of maintenance records for 28 State vehicles, we noted the following:

- For 9 (32%) vehicles tested, we noted mileage had been entered into FMS indicating one or more oil changes took place; however, there was no documentation to support the oil change(s) occurred within FMS or that was able to be provided to the auditors.
- For 12 (43%) vehicles tested, we noted mileage had been entered into FMS indicating one or more tire rotations took place; however, there was no documentation to support the tire rotation(s) occurred within FMS or that was able to be provided to the auditors.
- For 5 (18%) vehicles tested, we noted mileage had been entered into FMS indicating an annual inspection took place; however, there was no documentation to support the annual inspection occurred within FMS or that was able to be provided to the auditors.

The Act (5 ILCS 160/8) requires the Office to make and preserve records containing adequate and proper documentation of the essential transactions of the Office designed to furnish information to protect the legal and financial rights of the State and of persons directly affected by the Office’s activities.

Even given the limitations noted above, we performed detailed testing on those 28 vehicles and noted the following noncompliance:

- 22 (79%) vehicles tested did not have routine oil changes performed within the mileage or time intervals required by the Department of Central Management Services (DCMS). The oil change overages ranged from 5 to 20,826 miles beyond the allowed interval. For these 22 vehicles, the number of untimely oil changes noted for each vehicle ranged from one to five instances during the examination period.

The DCMS’ *Vehicle Usage Program* details the requirements for State vehicle maintenance, which includes the requirement for oil changes to be performed every 5,000 miles or 12 months, whichever comes first, for vehicles nine years old and newer.

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- 15 (54%) vehicles tested did not have routine tire rotations performed within the mileage or time intervals required by the DCMS. The tire rotation overages ranged from 49 to 20,482 miles beyond the allowed interval. For these 15 vehicles, the number of untimely tire rotations noted for each vehicle ranged from 1 to 3 instances during the examination period.

The DCMS' *Vehicle Usage Program* details the requirements for State vehicle maintenance, which includes the requirement for tire rotations to be performed on all passenger vehicles at every other oil change.

- 3 (11%) vehicles tested did not receive an annual inspection as required by DCMS during Fiscal Year 2023, and 3 (11%) vehicles tested did not receive an annual inspection as required by DCMS during Fiscal Year 2024.

The DCMS' *Vehicle Usage Program* details the requirements for State vehicle maintenance, which includes the requirement for State vehicles to undergo an annual inspection each fiscal year by a DCMS garage or an authorized vendor.

Accidents Involving State Vehicles

- During our testing of accidents involving State vehicles, we noted the Office did not timely file its Motorist's Report of Illinois Motor Vehicle Accident Reports (Form SR-1s) for 2 of 4 (50%) accidents tested. These accidents were reported 7 and 14 days late.

During the examination period, the Illinois Administrative Code (Code) (44 Ill. Admin. Code 5040.520) required accidents reported on Form SR-1 to be reported to DCMS no later than 7 days after the accident occurred.

Assignment of Vehicles

- During our testing of individually assigned State vehicles and required reporting, we noted the Office failed to ensure that DCMS was informed of individual vehicle assignments as vehicle assignments during the examination period were not reported annually or when changes occurred.

The Code (44 Ill. Admin. Code 5040.340) states that the Office will be required to report to DCMS annually and when changes occur.

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Employee Certification of License and Automobile Liability Coverage Forms

- During our testing of employee Certification of License and Automobile Liability Coverage forms, we noted 9 of 12 (75%) forms during Fiscal Year 2023 were not submitted timely. Specifically, forms were submitted 1 to 89 days late. In addition, we noted 13 of 16 (81%) forms during Fiscal Year 2024 were not submitted timely. Specifically, forms were submitted 21 to 36 days late.

The Illinois Vehicle Code (625 ILCS 5/7-601(c)) requires the Employee Certification of License and Automotive Liability Form to be provided annually in July and within 30 days after any new assignment of a vehicle on an ongoing basis.

Finally, this finding was first noted in the Office’s State Compliance Examination for the two years ended June 30, 2018. Office management has been unsuccessful in implementing a corrective action plan to remedy these conditions.

During the previous examinations, Office management indicated the errors noted were due to employee error. During the current examination, Office management indicated the issues described above continued to be caused by employee error and employee oversight.

Inadequate monitoring of the maintenance and record keeping of State vehicles could result in unnecessary costs to the State through additional repairs and shortened useful lives of State vehicles. Failure to timely file Form SR-1s exposes the driver and the Office to the risk of forfeiture of coverage under the State’s auto liability plan. Failure to accurately report vehicle information to DCMS represents noncompliance with the Code and hinders oversight of the State’s individually assigned vehicles. Failure to ensure employees timely submit certification of license and automobile liability coverage forms represents noncompliance with the Illinois Vehicle Code. (Finding Code No. 2024-007, 2022-008, 2020-015, 2018-004)

**RECOMMENDATION**

We recommend the Office implement controls to provide assurance:

1. The Office’s vehicle listing is accurate;
2. Vehicle mileage records are carefully reviewed for errors and discrepancies;
3. Documentation supporting data entered into FMS is maintained;
4. Maintenance records are complete and accurate;
5. Motor vehicle accidents are timely reported to DCMS;

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6. Individual vehicle assignments are reported to DCMS annually and when changes occur; and
7. Certification of License and Automobile Liability Coverage forms are submitted timely.

**OFFICE RESPONSE**

The Office agrees with this finding. The agency will work on ensuring that employees upload required documentation into the FMS system. Agency staff are continually reminded to get service on their vehicles at the required intervals. The agency will continue to communicate to employees about this obligation and offer refresher training in FMS. The need for separate Annual Inspections is going away and will now be part of oil changes received at state garages. Failure to report accidents in a timely manner was due to employee oversight. All accident reports should be reported in a timely manner in the future. The Office was unaware of the requirement to continually update CMS on changes to drivers of vehicles. The agency will begin doing this in the future.

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2024-008. **FINDING** (Inadequate Controls over Personal Services)

The Office of the State Fire Marshal (Office) did not maintain adequate controls over personal services.

During our examination, we requested the Office provide a population of all individuals employed at any time during the examination period. The Office provided a listing; however, auditors found one employee who was not included on the listing.

Due to these conditions, we were unable to conclude whether the Office's population records were sufficiently precise and detailed under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.36).

Even given the population limitations noted above which hindered the ability of accountants to conclude whether the sample selected could be representative of the population, we performed testing and noted the following:

**Personnel Files**

- For 2 of 23 (9%) employees tested, the Office did not maintain the *Federal W-4 Employee's Withholding Certificate* and the *Illinois W-4 Employee's Illinois Withholding Allowance Certificate* forms on file to support the withholding taxes during the period.

The State Records Act (5 ILCS 160/8) requires the Office to make and preserve records containing adequate and proper documentation of the Office's essential transactions designed to furnish information to protect the legal and financial rights of the State and of persons directly affected by the Office's activities.

The Statewide Accounting Management System (SAMS) (Procedure 23.20.05) requires the Office to have on file a properly completed Federal and State W-4 form for all active employees. It also requires the Office to maintain the last effective W-4 forms for terminated employees for a period of 4 ½ years or as long as wages are owed.

- For 2 of 23 (9%) employees tested, the auditor noted issues with the *Employment Eligibility Verification Form* (Form I-9). Specifically, one employee did not properly date the Form I-9 and, therefore, it cannot be determined if the form was completed timely. Additionally, the Form I-9 was not retained for another employee.

According to the Instructions for Form I-9 published by the Department of Homeland Security (OMB No. 1615-0047), employers must complete Form I-9 to document

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verification of the identity and employment authorization of each new employee (both citizen and noncitizen) hired after November 6, 1986, to work in the United States. Newly hired employees must complete and sign Section 1 of Form I-9 no later than the first day of employment. Additionally, when employment ends, the employer must retain the individual's Form I-9 and all attachments for one year from the date employment ends, or three years after the first day of employment, whichever is later.

The Fiscal Control and Internal Auditing Act (FCIAA) (30 ILCS 10/3001) requires the Office to establish and maintain a system, or systems, of internal fiscal and administrative controls which shall provide assurance that resources are utilized efficiently, effectively, and in compliance with applicable law.

- For 6 of 23 (26%) employees tested, performance evaluations were completed 35 to 227 days late. Of the six employees, two probationary employees did not have a performance evaluation before the end of their 4 month probationary period. The remaining four employees did not have their annual performance evaluations completed timely.

The Illinois Administrative Code (80 Ill. Admin. Code 302.270) requires the preparation of an evaluation for certified employees on an annual basis and at least once during a probationary period.

In addition, Section 3.1 of the Office's Employee Handbook requires one performance evaluation to be completed before the end of the fourth month for employees serving a 4 month probationary period. For non-probationary employees, performance evaluations should be conducted at least once for every 12 month period and shall be conducted within 4 months after the end of the 12 month period.

**Recalculations**

- For 2 of 5 (40%) employees tested who had separated from the Office during the examination period, the Office overpaid the employees for unused leave time, resulting in a combined overpayment of \$6,146. Specifically, one employee was paid for ineligible unused personal time upon separation. The other employee's accrued vacation time was inaccurate.

The FCIAA (30 ILCS 10/3001) requires the Office to establish and maintain a system, or systems, of internal fiscal and administrative controls, which shall provide assurance

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that funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation.

The Office's Employee Handbook states employees are not entitled to payment of unused personal days upon separation from employment, unless the separation is due to death, disability, or retirement.

- For 1 of 23 (4%) employees tested, the Office withheld federal income taxes at an incorrect rate based upon the employee's *Federal W-4 Employee's Withholding Certificate*, resulting in an additional \$122 being withheld from the employee's pay.

SAMS (Procedure 23.10.30) requires the Office to be responsible for completing the payroll voucher for each pay period and attesting to the employee's rate of pay, gross earnings, deductions, net pay, and other required information on the voucher and file and states that the initial control of each payroll is at the agency level.

Approval of Overtime and Attendance Records

- For 2 of 23 (9%) employees tested, we noted 8 instances where the Office did not document the approval of overtime in advance. As such, we could not determine if the overtime worked was properly approved by the supervisors.

The Office's Overtime Approval and Attendance Tracking Documentation Procedure requires approval for overtime shall be obtained in advance of scheduling and/or working extra hours, whenever possible. Such approval shall be documented in the Attendance Tracking System.

- During testing of employee attendance records, we noted four instances of leave requests for 2 of 23 (9%) employees were not timely approved by the employee's supervisor. Specifically, the absences were approved 10 to 13 days after the time was taken by one employee. In addition, the leave request for the second employee was requested 11 days late.

The Office's Employee Handbook states an employee shall request and obtain their supervisor's approval for the use of vacation time in advance of the date(s) it is planned to be used. Requests for sick leave use for medical, optical, and dental examinations or treatments must be made prior to the beginning of the absence and should be made so as to create minimal disruption of work schedules.

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Accumulated Leave Time

- Three of 3 (100%) intermittent employees had different accruals compared to our calculations.

The Office’s Intermittent Program Agreement for the part-time employees indicates that hourly paid employees will earn vacation time at the same rate as regular employees, prorated according to their time in non-pay status during the month. Employees with years of service from zero to completion of 9,787.5 hours (5 years) will earn 0.5 day for every 98 hours; whilst employees with 9,787.5 hours (5 years) to completion of 17,617.5 hours (9 years) earn 0.5 day for every 65 hours. In addition, hourly paid employees shall accrue sick leave of 1 hour sick leave for every 21 hours and 45 minutes worked. Further, an hourly paid employee shall be credited with 2 hours of personal leave for each 174 hours worked.

- For 1 of 23 (4%) employees tested, time was improperly subtracted from the employee’s accrual balances.

The Office’s Employee Handbook provides guidelines on how paid time off is earned and lost by employees.

Employee Trainings

- One of 1 (100%) employee required to complete confidentiality training did not complete the training during the examination period.

The Office informed auditors all Human Resources staff are required to take the annual Human Resources Duty of Confidentiality training through the CMS Bureau of Personnel.

- One of 5 (20%) newly hired employees did not complete the required trainings within 30 days from the start of employment.

The State Officials and Employees Ethics Act (5 ILCS 430/5-10(c) and 5 ILCS 430/5-10.5(a-5)) requires a person who fills a vacancy in an elective or appointed position that requires training and a person employed in a position that requires training must complete his or her initial ethics training and initial harassment and discrimination prevention training program within 30 days after commencement of his or her office or employment.

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2024-008. **FINDING** (Inadequate Controls over Personal Services) - Continued

Office management indicated the issues noted were due to management oversight and employee error.

Failure to maintain adequate controls over personnel files and employee documentation represents noncompliance with State and federal laws and could lead to erroneous or improper payments or deductions from employee pay. Failure to complete and properly retain Form I-9s could subject the State to unnecessary legal costs and penalties and represents noncompliance with federal regulations. Employee performance evaluations are a systematic and uniform approach used for the development of employees and communication of performance expectations to employees. Without the completion of an employee performance evaluation, the employee would not be provided with formal feedback or assessment of his or her performance and areas for improvement, and current year's performance goals and objectives may not be identified and communicated in a timely manner. Further, employee performance evaluations should serve as a foundation for salary adjustments, promotion, demotion, discharge, layoff, recall, and reinstatement decisions. Accurate tax withholdings are critical for ensuring the integrity of payroll expenditures. Failure to correctly calculate final termination pay in accordance with applicable rules may result in overpayments from State resources. Failure to properly document approval of overtime requests and requests in advance undermines accountability controls and increases the risk the Office will pay unnecessary personal service expenditures. Failure to properly track accrued leave time can lead to employees using excess amounts of leave or not being able to use leave they have earned. Failure to monitor and determine completion of required trainings results in noncompliance with State laws and could result in a workforce that is not adequately trained to fulfill required duties and may expose the State to potential liability. (Finding Code No. 2024-008)

**RECOMMENDATION**

We recommend the Office strengthen its controls over personal services to ensure proper documentation and personnel files are maintained. We recommend the Office review the Form I-9s to ensure the proper date is utilized. In addition, we recommend the Office ensure performance evaluations are completed timely. We recommend the Office ensure final payouts and withholdings are accurately calculated. Further, we recommended the Office document approvals for leave time and overtime in advance. We recommend the Office strengthen its controls relating to accumulated leave time to ensure leave time is properly accrued and deducted. Finally, we recommend the Office ensure employees complete required trainings timely.

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2024-008. **FINDING** (Inadequate Controls over Personal Services) - Continued

**OFFICE RESPONSE**

The Office agrees that the personnel files had missing documentation, employees were not paid appropriately upon separation, leave time accrual was not accurate in the noted cases, and that employee training did not occur in a timely manner. The Office performed a review of all personnel files to ensure that all files contain the required documentation. This review was initiated by the Office and not a result of the audit.

The Office partially agrees with approval findings because email and verbal approval were obtained before formal documentation was entered into the attendance tracking system. The Office would like to note that circumstances could be present where overtime or leave are not entered into the system in advance.

The Office will ensure that corrective measures such as record reviews, enhanced monitoring and tracking processes, completion of required training, and strengthened oversight mechanisms will be implemented to support ongoing compliance.

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2024-009. **FINDING** (Inadequate Controls over Access Rights)

The Office of the State Fire Marshal (Office) did not maintain adequate controls over termination and review of access to its applications and data.

During our testing, we noted the Office did not perform and document review of access rights for the following:

- Enterprise Resource Planning System (ERP);
- Central Time and Attendance System (CTAS);
- Central Payroll System (CPS);
- Evidence Tracking System;
- Bomb and Arson Tracking System (BATS);
- Attendance Tracking System;
- Fire Prevention – inspection management software;
- Inspection licensing and management system for Fire Prevention, boiler and pressure vessels, and elevators; and
- Active Directory accounts.

The *Security and Privacy Controls for Information Systems and Organizations* (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology (NIST), Access Controls section, requires entities to develop access provisioning policies and procedures and establish controls, including conducting periodic reviews of users' access rights, to ensure authorized users only have needed access.

Additionally, when reviewing user access reports, we noted the Office:

- Did not terminate the access rights of four separated employees to the Fleet Management System.
- Did not terminate the access rights of two separated employees to the Personnel Standards and Education System.
- Did not terminate the access rights of one separated employee to BATS.

The *Security and Privacy Controls for Information Systems and Organizations* (Special Publication 800-53, Fifth Revision) published by the NIST, Access Control section, requires entities to develop and comply with controls over the timely termination of access rights and the periodic review of access rights.

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2024-009. **FINDING** (Inadequate Controls over Access Rights) - Continued

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Office to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation and to maintain accountability over the State's resources.

During the previous examination, Office management indicated they believed a review of access to various systems in conjunction with employee onboarding and offboarding as adequate for an agency their size. During the current examination, Office management indicated the issues noted above were due to competing priorities.

Inadequate internal controls over access to the Office's applications and data could lead to unauthorized access and unauthorized use of its applications and related data. (Finding Code No. 2024-009, 2022-006)

**RECOMMENDATION**

We recommend the Office routinely review access rights to its applications and data to ensure only authorized users have access and to prevent unauthorized use.

**OFFICE RESPONSE**

The Office agrees with the finding. The Office has hired an ATSR to perform this task. The Office intends to address this by ensuring periodic reviews of access rights to our applications occur. We believe these reviews will absolve the Office of any further issues related to access rights.

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2024-010. **FINDING** (Inadequate Controls over Applications)

The Office of the State Fire Marshal (Office) failed to implement internal controls over its applications and data.

During our testing, we noted the Office:

- Did not have change management policies and procedures to control changes to their applications and data.

The *Security and Privacy Controls for Information Systems and Organizations* (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology (NIST), Configuration Management section, requires entities to develop and document a change management policy that addresses purpose, scope, roles, and responsibilities in change management.

- Did not document mitigating controls for an inadequate segregation of duties identified in our testing. We noted two Office employees had access to and overlapping roles within the Office's evidence tracking software. While the software maintains an audit trail to document actions taken by individuals within the system, the Office was unable to provide documentation substantiating any independent reviews of the actions taken within the system were performed during the examination period.

The *Security and Privacy Controls for Information Systems and Organizations* (Special Publication 800-53, Fifth Revision) published by the NIST Configuration Management section, requires entities to implement internal controls to ensure proper segregation of duties.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Office to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation and to maintain accountability over the State's resources.

During the prior examination, Office management indicated they believed the change management practice used was adequate for an agency their size. Office management also indicated compensating controls exist related to the evidence tracking software which they also believe to be adequate. During the current examination, Office management indicated the issues noted above were caused by management error.

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2024-010. **FINDING** (Inadequate Controls over Applications) - Continued

Failure to implement internal controls over changes to applications and data could result in unauthorized changes being made. Further, failure to ensure an adequate segregation of duties puts the validity of evidence tracking at risk. (Finding Code No. 2024-010, 2022-007)

**RECOMMENDATION**

We recommend the Office implement and document formal change management policies and procedures to control changes to their applications and data. In addition, we recommend the Office implement and document compensating controls to mitigate the segregation of duties weakness.

**OFFICE RESPONSE**

The Office agrees with the finding. The IT contractual staff work is all managed in a formal system that tracks all their assignments and completions.

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2024-011. **FINDING** (Noncompliance with Mobile Home Park Act)

The Office of the State Fire Marshal (Office) is not in compliance with the Mobile Home Park Act (Act) (210 ILCS 115).

The Office does not complete inspections of fire extinguishers in mobile homes in mobile home parks to ensure the required fire extinguishers are located in the mobile home. In addition, the Office is not in communication with local law enforcement agencies to determine whether the local law enforcement agencies are completing the required inspections.

The Act (210 ILCS 115/9.9) states inspection of fire extinguishers in mobile homes in mobile home parks and enforcement of any rules and regulations adopted is the duty of the Office and local law enforcement agencies.

Office management indicated they were unaware of their role in this mandate and believe this can be accomplished at the local level.

Failure to complete these inspections and ensure the required fire equipment is available could result in unsafe conditions and represents noncompliance with State law. (Finding Code No. 2024-011).

**RECOMMENDATION**

We recommend the Office communicate and coordinate with local law enforcement agencies to ensure inspections of fire extinguishers in mobile homes in mobile home parks are completed or seek legislative remedy.

**OFFICE RESPONSE**

The Office disagrees with the Finding. While OSFM acknowledges this audit finding, compliance with the noted requirements would require OSFM to enter private residences not used for any licensed purpose or object.

**ACCOUNTANT'S COMMENT**

The Act specifies both the Office and local law enforcement agencies are responsible for these inspections. As noted in the recommendation, the Office should seek legislative remedy if unable to comply.

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2024-012. **FINDING** (Inadequate Controls over the Fire Investigation Act)

The Office did not have adequate controls in place to ensure compliance with the Fire Investigation Act (Act) (425 ILCS 25).

During testing, we noted:

- For 2 of 8 (25%) interventionist requests selected for testing, the Office was unable to provide documentation that the youths were contacted timely. The Office referred both cases to external interventionists.

The Act (425 ILCS 25/13.2(a)(1)) requires the Youth Firesetter Interventionist Coordinator to ensure that a Certified Youth Firesetter Interventionist employed within the Office, or a local Certified Youth Firesetter Interventionist, physically sees or connects with a youth whose case was referred to the Office within 72 hours of referral.

Office management indicated they do not require external interventionists to submit reports to the Office.

Failure to ensure contact with the youth was made within 72 hours of referral represents noncompliance with the Act. (Finding Code No. 2024-012)

**RECOMMENDATION**

We recommend the Office improve controls over interventionist requests to ensure adequate documentation for contacting youths is maintained.

**OFFICE RESPONSE**

The Office accepts the finding. The statute does not provide the Office with the authority to enforce the assigned agency to comply. We have put internal protocols in place to ensure this does not happen again.

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2024-013. **FINDING** (Inadequate Controls over SBITAs)

The Office of the State Fire Marshal (Office) did not have adequate controls over Subscription-Based Information Technology Arrangements (SBITAs).

During testing, we noted the following:

- While testing contractual agreements, we noted 1 of 8 (13%) contractual agreements selected for testing contained a SBITA that the Office had not included in their listing of SBITA contracts.

Due to the conditions above, we were unable to conclude the Office's population records of SBITAs were sufficiently precise and detailed under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.36).

- The Office does not have a formal process in place to identify SBITAs. The Office does not have any specific procedures in place to evaluate new SBITA contracts.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB Statement No. 96), is intended to provide guidance on the accounting and financial reporting for the SBITAs for government end users and was first effective for Fiscal Year 2023.

- For 2 of 2 (100%) SBITA contracts tested, the Office did not enter the SBITA control of the right to use IT software onto the Office's property records as a subscription asset. In addition, the Office did not enter the subscription liability onto the Office's records.
- For 1 of 2 (50%) SBITA contracts tested, the Office was unable to provide documentation to substantiate the Accounting for Subscription-Based Information Technology Arrangements Form (Form SCO-560S) was submitted to the Office of Comptroller (Comptroller) timely.

The Statewide Accounting Management System (SAMS) (Procedure 27.20.60S) requires all agencies that have SBITAs to complete Form SCO-560S for each multiple period arrangement that falls within the scope of GASB Statement No. 96. SAMS requires the Form SCO-560S to be completed on a contract by contract basis as new subscription-based arrangements are initiated and sent to the Comptroller. The completion of this form will

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2024-013. **FINDING** (Inadequate Controls over SBITAs) - Continued

enable the Comptroller to determine the total subscription liability and subscription asset value to be recorded on its property control records and Capital Asset Summary (Form SCO-538).

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Office to establish and maintain a system, or systems, of internal fiscal and administrative controls, which shall provide assurance that revenues, expenditures, and transfers of assets, resources, or funds 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 State Records Act (5 ILCS 160/8) requires the Office to make and preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the Office to furnish information to protect the legal and financial rights of the State and of persons directly affected by the Office's activities.

Office management indicated the issues noted were due to management oversight and unfamiliarity with the requirements.

Failure to establish and maintain adequate internal fiscal and administrative controls over the determination, accurate recording, and proper reporting of SBITAs could reduce the reliability of Statewide financial reporting. (Finding Code No. 2024-013)

**RECOMMENDATION**

We recommend the Office establish and improve controls over SBITAs to increase the reliability of Statewide financial reporting.

**OFFICE RESPONSE**

The Office agrees and has taken steps to ensure all contracts with SBITA have been reported to the IOC as required. The Office is currently working to add all SBITA to the ERP system.

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2024-014. **FINDING** (Inadequate Controls over Receipts)

The Office of the State Fire Marshal (Office) did not maintain adequate internal controls over its receipt processing.

During testing, we noted the following:

- Two of 60 (3%) receipts tested, totaling \$15,450, and 7 of 8 (88%) refund receipts tested, totaling \$30,235, did not have the receipt dates documented. As a result, we were unable to determine whether the checks were deposited in a timely manner.

The State Officers and Employees Money Disposition Act (Act) (30 ILCS 230/2(a)) requires the Office to keep proper books with a detailed itemized accounting of all moneys showing the date of receipt and to deposit receipts collected into the State Treasury within a specific number of business days, depending on the value of cash receipts on hand. The Act further allows the State Treasurer and State Comptroller to grant time extensions for the deposit of public funds, which has been granted to the Office. However, without documentation of the receipt date, we are unable to determine whether the Office is in compliance with the deposit requirements.

- One of 20 (5%) receipt account codes listed in the Statewide Accounting Management System (SAMS) (Procedure 25.50.10-A) has not been utilized by the Office in the past three fiscal years and is no longer considered necessary for the Office's operations.

SAMS (Procedure 25.20.30) provides procedures for the deletion of receipt accounts using the *Chart of Accounts Maintenance and Inquiry Form* (Form C-45). Good internal controls over receipts include ensuring the Chart of Accounts is accurate and up to date.

Finally, this finding was first noted in the Office's State Compliance Examination for the two years ended June 30, 2018. Office management has been unsuccessful in implementing a corrective action plan to remedy this condition.

In the prior examination, Office management indicated the issues noted with receipt processing were due to limited staffing and oversight. During the current examination, Office management indicated the issue relating to receipt dates not being documented was due to not having a centralized location where all receipts are received and date stamped. Office management indicated the issue relating to receipt account codes was due to competing priorities.

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2024-014. **FINDING** (Inadequate Controls over Receipts) - Continued

Failure to establish and maintain internal control over receipt processing increases the risk of revenue loss or theft, delays the recognition of available cash within the State Treasury, and represents noncompliance with State laws, rules, and regulations. (Finding Code No. 2024-014, 2022-016, 2020-011, 2018-005)

**RECOMMENDATION**

We recommend the Office ensure the receipt date is documented for all receipts received by the Office. In addition, we recommend the Office regularly review and update its receipt account codes.

**OFFICE RESPONSE**

The Office agrees with this finding. The Office initiated implementing a mail check log in May 2024, which was 5 months after the release of the prior audit engagement. We acted in a reasonable amount of time based off the prior engagement's audit finding, but no checks were chosen from the last part of FY24 to show this. In addition, we have removed the unused account code upon notice.

**ACCOUNTANT'S COMMENT**

Internal control and compliance are the Office's responsibilities, not the auditors. The post audit function is not an internal control over receipts. In addition, receipts from the last part of Fiscal Year 2024 were included in our testing.

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2024-015. **FINDING** (Failure to Perform Timely Licensing Inspections)

The Office of the State Fire Marshal (Office) did not perform all inspections as 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.

The Community Services Act (405 ILCS 30/3.5(b)) requires the Office to perform the necessary fire inspections for provider organizations established under the act, including Community Mental Health Centers. We tested a total of 60 inspections conducted pursuant to this act and noted the following:

- For 4 of 12 (33%) new license inspections selected for testing, we noted the Office performed the inspections, as requested by the licensing agency, between 128 and 218 days after such requests were made.
- While the Office did not receive 14 of 39 (36%) licensure renewal inspection requests until after the facility's license had already expired, the Office did not act swiftly to perform the required inspections upon receipt of a proper request. In 1 of these 14 (7%) instances, the inspection was performed 105 days after the inspection request was received.
- One of 39 (3%) licensure renewal inspection requests was not conducted prior to the previous license's expiration date. While the Office did not receive this request until 8 days prior to the license's expiration date, the Office did not act swiftly to perform the required inspection. The inspection was performed 117 days after the inspection request was received.
- For 1 of 39 (3%) inspections for license renewal inspection requests, we noted the Office performed the inspection, as requested by the licensing agency, 117 days after such request was made.

The Community-Integrated Living Arrangements Licensure and Certification Act (210 ILCS 135/13) requires the Office to perform the necessary fire safety and prevention inspections of community-integrated living arrangements to comply with licensing requirements under the Act. We tested a total of 60 inspections conducted pursuant to this Act and noted the following:

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2024-015. **FINDING** (Failure to Perform Timely Licensing Inspections) - Continued

- For 1 of 13 (8%) new license inspections selected for testing, we noted the Office performed the inspection, as requested by the licensing agency, 231 days after such request was made.
- While the Office did not receive 14 of 24 (58%) licensure renewal inspection requests until after the facility's license had already expired, the Office did not act swiftly to perform the required inspections upon receipt of a proper request. In 2 of these 14 (14%) instances, the inspections were performed 173 and 190 days after the inspection request was received.
- One of 24 (4%) licensure renewal inspection requests was not conducted prior to the previous license's expiration date. While the Office did not receive this request until 124 days prior to the license's expiration date, the Office did not act swiftly to perform the required inspection. The inspection was performed 168 days after the inspection request was received.
- In situations where a previous inspection identified issues, follow up inspections are required to ensure the issues identified have been properly remedied. For 1 of 18 (6%) follow up inspections tested, we noted the inspection was performed 147 days after the follow up inspection was requested by the licensing agency.

The Child Care Act of 1969 (225 ILCS 10/5.7(b)) requires the Office to perform the necessary fire safety and prevention inspections of child care facilities to comply with licensing requirements under the act. During our testing of 60 inspections conducted pursuant to this act, we noted the following:

- For 3 of 41 (7%) license renewal inspection requests, we noted the Office performed the inspections, as requested by the licensing agency, 157 to 169 days after such requests were made.

Office policy requires fire and life safety inspections to be completed within 90 calendar days of receipt of the request.

Finally, this finding was first noted in the Office's State Compliance Examination for the two years ended June 30, 2020. Office management has been unsuccessful in implementing a corrective action plan to remedy these conditions.

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2024-015. **FINDING** (Failure to Perform Timely Licensing Inspections) - Continued

During the prior examinations, Office management cited limited staff resources as a challenge. During the current examination, Office management indicated the issues noted were due to low staff levels and employee error.

Failure to perform timely licensing inspections as requested by the appropriate party increases the risk of facilities operating under expired licenses and represents material noncompliance with State law and increases the risk that residents and patrons of these facilities could be occupying potentially dangerous and unsafe spaces. (Finding Code No. 2024-015, 2022-020, 2020-002)

**RECOMMENDATION**

We recommend the Office perform timely licensing inspections to reduce the risk of facilities operating under expired licenses and residents occupying potentially unsafe spaces to be in compliance with State law.

**OFFICE RESPONSE**

The Office agrees with the finding. The inspection requests noted in the finding are submitted by other state agencies. The Office implemented a policy, on March 12, 2025, that requires our inspectors to perform these inspections within 90 days. The Office believes that this will address the current audit findings.

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2024-016. **FINDING** (Inadequate Controls over Travel)

The Office of the State Fire Marshal (Office) did not exercise adequate controls over travel functions.

Travel Headquarter Reports

During testing of Travel Headquarter (Form TA-2) Reports, we noted the Office did not file one of four (25%) Form TA-2 Reports during the examination period.

The State Finance Act (Act) (30 ILCS 105/12-3) requires the Office to file reports of all of its officers and employees for whom official headquarters have been designated at any location other than that at which their official duties require them to spend the largest part of their working time. The reports shall be filed with the Legislative Audit Commission (LAC) no later than each July 15 for the period from January 1 through June 30 of that year and no later than each January 15 for the period from July 1 through December 31 of the preceding year.

Travel Vouchers

During our testing of travel expenditures, we noted the following:

- Six of 60 (10%) vouchers tested, totaling \$2,118, were not submitted by the traveler within 60 days after the last day of travel. Vouchers were submitted between 31 to 223 days late.

Internal Revenue Services (IRS) Publication 463, *Travel, Gift, and Car Expenses*, notes employees receiving travel reimbursement must have paid or incurred deductible expenses while performing employment services, adequately accounted for the expenses within a reasonable period of time, generally defined by Publication 463 as within 60 days after the expenses were paid or incurred, and returned any excess reimbursements within 120 days.

- For one of 60 (2%) vouchers tested, totaling \$199, an employee assigned a State vehicle submitted a claim for mileage reimbursement for their personal vehicle. Office management indicated this was the result of maintenance being performed on the State vehicle; however, the Office was unable to provide supporting documentation.

The State Records Act (5 ILCS 160/8) requires the Office to make and preserve records containing adequate and proper documentation of the essential transactions of the

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2024-016. **FINDING** (Inadequate Controls over Travel) - Continued

Office designed to furnish information to protect the legal and financial rights of the State and of persons directly affected by the Office's activities.

The OSFM Employee Handbook, Section 9-2, states an employee may use his or her personal vehicle for work-related travel only when an Agency vehicle is not available or when other circumstances warrant. The employee shall obtain his or her supervisor's approval in writing before utilizing a personal vehicle for work-related travel. The written approval, together with the employee's signed explanation of the reason(s) why an Agency vehicle could not be used for work-related travel, shall be attached to the travel voucher requesting reimbursement for mileage borne in the employee-owned vehicle.

- Two of 60 (3%) vouchers tested, totaling \$237, were not date stamped when received by the Office. As a result, we were unable to determine whether one of the two (50%) vouchers, totaling \$199, was approved within 30 days of receipt.

The Code (74 Ill. Admin. Code 900.30) requires the Office to maintain written or electronic records reflecting the date on which the proper bill was received. Further, the Code (74 Ill. Admin. Code 900.70) requires the Office to approve proper bills or deny bills with defects, in whole or in part, within 30 days after receipt.

- For two of 60 (3%) vouchers tested, the travel headquarters on the travel voucher did not agree with the Form TA-2 Report filed with the Legislative Audit Commission.
- As a result of the Form TA-2 Report not being filed, we were unable to determine if the traveler's headquarters was accurate for one of 60 (2%) vouchers tested.

The Act (30 ILCS 105/12-3) requires the Office to file reports of all of its officers and employees for whom official headquarters have been designated at any location other than that at which their official duties require them to spend the largest part of their working time.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Office to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation.

Office management indicated the issues noted were due to employee oversight.

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2024-016. **FINDING** (Inadequate Controls over Travel) - Continued

Failure to comply with the Act decreases the effectiveness of oversight controls and results in noncompliance with State statute. Failure to submit travel vouchers in a timely manner may cause travel expenditures to be reported in an incorrect period and may require the travel expense reimbursements to be reported as taxable wages to the employee. Failure to maintain appropriate internal controls over compliance with travel regulations increases the likelihood of improper expenditures and represents noncompliance with State laws, rules, and regulations. (Finding Code No. 2024-016)

**RECOMMENDATION**

We recommend the Office adopt controls to ensure all TA-2 reports are filed with the LAC in a timely manner. In addition, we recommend the Office ensure employees submit their travel vouchers within 60 days after the last day of travel and the Office date stamp the vouchers upon receipt. Further, we recommend the Office ensure approvals for mileage reimbursements of personal vehicles for employees assigned a State vehicle are documented and attached to the travel voucher. Finally, we recommend the Office ensure travel vouchers are completed accurately.

**OFFICE RESPONSE**

The Office partially agrees with this finding. The failure to file the TA-2 report was due to employee oversight. The Office will ensure that all reports are filed in a timely manner. Employees have been reminded to file their travel vouchers in a timely manner. Failure to date-stamp the travel vouchers was due to employee oversight. Errors in TA-2 headquarter reporting are due to employee oversight. The Office has implemented a procedure to ensure that all headquarter designations listed on the TA-2 report are correct.

While the Office agrees that it was unable to provide documentation for the mileage reimbursement, the employee was reimbursed for mileage for utilizing their personal vehicle while their state vehicle was being repaired. No inappropriate reimbursement of mileage occurred, and the Office follows its procedures when determining when someone is eligible for mileage reimbursement.

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2024-017. **FINDING** (Failure to Comply with the Fire Equipment Distributor and Employee Regulation Act of 2011)

The Office of the State Fire Marshal (Office) did not comply with the requirements of the Fire Equipment Distributor and Employee Regulation Act of 2011 (Act) (225 ILCS 217).

During our testing of 60 fire equipment distributor licenses, we noted the following:

- Two (3%) licenses were issued to fire equipment distributors that did not employ a staff member who possessed the corresponding fire equipment distributor employee license as required.

The Act (225 ILCS 217/40) requires fire equipment distributors seeking a Class A fire equipment distributor license to service, recharge, hydro-test, install, maintain, or inspect all types of fire extinguishers to employ a currently licensed Class 1 fire equipment employee. In addition, the Act requires fire equipment distributors seeking a Class B fire equipment distributor license to service, recharge, hydro-test, install, maintain, or inspect all types of pre-engineered fire extinguishing systems to employ a currently licensed Class 2K or 2I fire equipment employee. Further, the Act requires fire equipment distributors seeking a Class C fire equipment distributor license to service, repair, hydro-test, inspect, and engineer all types of engineered fire suppression systems to employ a currently licensed Class 3 fire equipment employee.

- One (2%) fire equipment distributor was issued a license without providing support for valid liability insurance.

The Act (225 ILCS 217/40) requires those seeking a fire equipment distributor license to provide 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.

- Two (3%) fire equipment distributor licenses were issued without providing proper support of workers' compensation insurance. The workers' compensation insurance policy provided for one of these had an effective date subsequent to the date the license was issued. The second was issued without providing support for workers' compensation insurance.

The Act (225 ILCS 217/40) requires those seeking a fire equipment distributor license to provide evidence of workers' compensation insurance covering its

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2024-017. **FINDING** (Failure to Comply with the Fire Equipment Distributor and Employee Regulation Act of 2011) - Continued

employees or approval as a self-insurer of workers' compensation in accordance with the laws of the State.

- For one (2%) fire equipment distributor license, the letter provided by the distributor to verify they own, lease, rent, or otherwise have access to proper testing equipment did not contain the Requalifier Identification Number (RIN) issued by the United States Department of Transportation (USDOT).

The Act (225 ILCS 217/40) requires those seeking a fire equipment distributor license to provide evidence of owning, leasing, renting, or having access to proper testing equipment that is in compliance with the national standards adopted by the Office for the maintenance and operation of testing tools for use with all fire equipment.

The Illinois Administrative Code (41 Ill. Admin. Code 251.220) requires those seeking a fire equipment distributor license to provide a current RIN issued by the USDOT Pipeline and Hazardous Materials Safety Administration (PHMSA) or agreement with an entity with a current RIN issued by the USDOT PHMSA.

During our testing of 60 fire equipment employee licenses, we noted the following:

- Nine (15%) fire equipment employee licenses were issued without the licensee providing a copy of their government-issued photo identification.

The Act (225 ILCS 217/40) requires all individuals seeking a fire equipment employee license to provide a copy of a valid government-issued photo identification.

During the previous examination, Office management indicated issues noted were the result of the administrative rules not being fully updated to incorporate statutory changes made effective on April 29, 2022, by Public Act 102-715 due to timing and due to oversight. During the current examination, Office management indicated the conditions noted above were due to the transition of new staff members and retraining.

Failure to ensure distributors and employees meet all requirements could lead to unqualified individuals completing work. (Finding Code No. 2024-017, 2022-017)

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2024-017. **FINDING** (Failure to Comply with the Fire Equipment Distributor and Employee Regulation Act of 2011) - Continued

**RECOMMENDATION**

We recommend the Office implement procedures to ensure all requirements are met and all required documentation is obtained before issuing or renewing fire equipment licenses.

**OFFICE RESPONSE**

The Office agrees with the finding. New licensing software will contain additional safeguards through mandatory field completions and confirmation steps to ensure all requirements are met and all required documentation is obtained before issuing or renewing fire equipment licenses.

The Office would like to note that Fire Equipment Distributor licenses and Fire Equipment Employee licenses do not necessarily expire on the same date or the employee's status may change at any time (e.g. employment is terminated by the individual or company for any number of possible reasons). A licensed Distributor cannot complete work in any classification until they have an employee licensed with that class. It is a constantly changing Distributor/Employee relationship that cannot be tracked in real time.

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2024-018. **FINDING** (Noncompliance with the Fire Sprinkler Contractor Licensing Act)

The Office of the State Fire Marshal (Office) was not in compliance with the Fire Sprinkler Contractor Licensing Act (Act) (225 ILCS 317).

During testing, we noted the following:

- The Office has not adopted by administrative rule procedures for determining whether a laboratory is nationally recognized.

The Act (225 ILCS 317/30) requires the equipment used to service fire sprinkler systems to be listed by a nationally recognized testing laboratory or comply with nationally accepted standards. The Act further requires the Office to adopt by rule procedures for determining whether a laboratory is nationally recognized, taking into account the laboratory's facilities, procedures, use of nationally recognized standards, and any other criteria reasonably calculated to reach an informed determination.

- While the Office did not receive applications for four of 32 (13%) fire sprinkler contractor license renewals selected for testing until after the license had already expired, the Office did not charge a late filing fee for two of these four (50%).

The Act (225 ILCS 317/35(c)) requires the Office to determine by administrative rule a late filing fee to be assessed for any person who fails to file a renewal application by the date of expiration of a license.

The Office's administrative rules (41 Ill. Admin. Code 109.150) require a reinstatement fee of \$500 to be assessed whenever a business fails to renew its license by the license expiration date.

- For three of 6 (50%) fire sprinkler contractor licenses issued during the period selected for testing, the designated certified person did not provide an affirmative statement acknowledging their role as the designated certified person.

The Act (225 ILCS 317/16(a)) requires each person applying for a fire sprinkler contractor license to have a designated certified person who meets the requirements of Section 20 of the Act. The designated certified person is required to be identified on the license application. In addition, the Act (225 ILCS 317/20(g)) requires a designated certified person to provide an affirmative statement acknowledging his or her role as the designated certified person for the fire sprinkler contractor.

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2024-018. **FINDING** (Noncompliance with the Fire Sprinkler Contractor Licensing Act) -  
Continued

- Two of 60 (3%) fire sprinkler inspector license applications selected for testing were not signed by the fire sprinkler contractor.

The Act (225 ILCS 317/15(b)) requires applications for licensure to be made to the Office on forms or electronically as prescribed by the Office. The application furnished by the Office states that failure to sign forms, submit required information, or provide attachments will result in the application not being processed.

In the previous and current examination, Office management indicated the Office does not have the appropriate expertise to determine if a laboratory should be nationally recognized. In addition, Office management indicated the additional issues noted were due to employee error and management oversight.

Failure to adopt all required administrative rules and failure to ensure all required documentation is obtained before processing a renewal represents statutory noncompliance. Failure to assess reinstatement fees when circumstances warrant resulted in reduced revenue for the State. (Finding Code No. 2024-018, 2022-013)

**RECOMMENDATION**

We recommend the Office work to adopt administrative rules consistent with the Fire Sprinkler Contractor Licensing Act to facilitate proper enforcement and administration of the Act or seek legislative remedy. In addition, we recommend the Office ensure late filing fees are charged when required. Further, we recommend the Office ensure all required documentation is obtained and applications are signed prior to the issuance of a license.

**OFFICE RESPONSE**

The Office agrees with the finding.

OSFM does not have the subject matter expertise to establish laboratory recognition procedures with specific considerations as set in statute (Federal OSHA sets out a list of nationally recognized testing laboratories that meet their established standards). Nationally recognized codes related to the program identify what parts of the system need to be recognized nationally by these testing labs.

The Office had previously operated under an interpretation that a license was in a “lapsed” status for the first 60 days after it expires before the license status changes to “expired”. The Office has made changes to the Administrative Rules to remove this 60-day window.

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2024-018.    **FINDING**    (Noncompliance with the Fire Sprinkler Contractor Licensing Act) -  
Continued

New licensing software will contain additional safeguards through mandatory field completions and confirmation steps to ensure all requirements are met and all required documentation is obtained before issuing or renewing fire sprinkler contractor licenses.

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2024-019. **FINDING** (Inadequate Controls over Grant Agreements)

The Office of the State Fire Marshal (Office) did not exercise adequate controls over grant agreements and related administrative rules, policies, and procedures.

The Office operates multiple grant programs, including direct, small equipment, and fire grants. Specifically, the following issues were noted during our testing of direct grant agreements effective during the examination period:

- For the Fiscal Year 2024 Minimum Basic Firefighter Training Grant, totaling \$230,000, we noted the close-out performance report did not include the number of students who participated and percentage of students receiving certifications.

The Minimum Basic Firefighter Training Grant: Exhibit B – Deliverables or Milestones requires the Grantee to report the number of students who have participated in the program to the Grantor no later than 60 days after the completion of the grant period. Pursuant to Article XI – Performance Reporting Requirements requires the grantee to report the percentage of students who successfully complete the program no later than 60 days after the end of the Agreement.

- For the Fiscal Year 2024 Explorer Cadet Grant, totaling \$80,000, we noted the close-out performance report did not include the number of students who participated.

The Explorer Cadet Grant: Exhibit B – Deliverables or Milestones requires the Grantee to report the number of students who have participated in the program to the Grantor no later than 60 days after the completion of the grant period.

In addition, the Illinois Administrative Code (Code) (44 Ill. Admin. Code 7000.80(f)(2)) requires the Office to place grant awardees immediately in temporary Stop Payment Status on the Illinois Stop Payment List following any occurrences of noncompliance such as failure to clear fiscal or administrative monitoring issues.

We also noted the Office lacked adequate internal controls over grant-oriented policies, procedures, and administrative rules as follows:

- The Office has not developed certain policies and procedures for grants which were required by the Code.

The Code (44 Ill. Admin. Code 7000.120(a) and (c)) states payments to states are governed by the Cash Management Improvement Act and the Treasury State Agreement (TSA) default procedures codified at 31 CFR 205. The Code requires the

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2024-019. **FINDING** (Inadequate Controls over Grant Agreements) - Continued

Office to have implemented written policies and procedures which comply with the TSA and 2 CFR 200.305 and stipulates the policies and procedures must be approved by the Office’s staff responsible for cash drawdowns, federal reporting, and the TSA interest calculation. In addition, the Code specifies the policies and procedures must ensure awardee grant payments conform to the TSA and this Section, awardee grant payments conform to requirements in 2 CFR 200.305, and awardees have policies and procedures that enable them to conform to the TSA and 2 CFR 200.305. The Code requires the Office to implement written policies and procedures for each grant payment method utilized by the Office, such as advance payments, reimbursements, and working capital advances, and the policies and procedures must be approved by the Office’s staff responsible for federal and State cash drawdowns and reporting.

The Code (44 Ill. Admin. Code 7000.260) states if an awardee is not compliant with grant terms stated in Section 7000.80(f)(1) or Section 7000.80(f)(2), the State awarding agency must place the awardee on temporary Stop Payment Status pursuant to Section 7000.80(g). The Code states if the awardee is not compliant with grant terms stated in Section 7000.80(f)(3), the State awarding agency shall place the awardee on permanent Stop Payment Status. The Code requires the Office to have protocols that establish a methodology for the Office to withhold payments at the entity level as prescribed in Section 7000.80(f)(1)(C).

- The Office did not ensure all required elements were included when developing policies, procedures, and agency-specific administrative rules as required by the Grant Accountability and Transparency Act (GATA) (30 ILCS 708/90) and the Illinois Administrative Rules. Specifically, we noted the following elements were missing from the administrative rules developed by the Office when testing grants administered during the examination period:

Grant Name	Rules Missing
Small Equipment Grant (41 Ill. Admin. Code 291)	1. 44 Ill. Admin. Code 7000.80(f)(1)(B)
	2. 44 Ill. Admin. Code 7000.80(f)(1)(C)
	3. 44 Ill. Admin. Code 7000.80(f)(1)(D)
	4. 44 Ill. Admin. Code 7000.200(b)

The GATA (30 ILCS 708/90) required the Office to implement the policies and procedures applicable to State and federal pass-through awards by adopting rules for non-federal entities by December 31, 2017. Furthermore, the Code (44 Ill. Admin. Code 7000.80(f)(1)) requires the Office to have rules which specify procedures for

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2024-019. **FINDING** (Inadequate Controls over Grant Agreements) - Continued

managing awardee submittal of required financial and performance reports, including a due diligence process for the Office to generate reminders to the awardee in advance of reporting due dates. The Code requires the Office to have rules that allow the grant-making agency to extend the reporting deadline due to extenuating circumstances. Such reporting extensions must be justified in writing by the grant making agency, and a report due date may only be extended one time. The State grant making agency shall withhold payments to the entity if a report is more than 15 business days past the original or extended due date. The Code requires the Office to have rules that include awardee notification of the Office’s contact for Stop Payment Status inquiries. If the report is not submitted within 30 business days after the original or extended due date, the State grant making agency shall place the awardee in temporary Stop Payment Status on the Illinois Stop Payment List. (See Section 7000.260.)

The Code (44 Ill. Admin. Code 7000.200(b)) required the Office, as a State agency making State awards to non-federal entities, to adopt rules reflecting Uniform Administrative Requirements (UR) subparts B through F unless different provisions were required by law or an exception was granted by the Grant Accountability and Transparency Unit (GATU) in accordance with Section 7000.60.

Finally, this finding was first noted in the Office’s State Compliance Examination for the two years ended June 30, 2018. Office management has been unsuccessful in implementing a corrective action plan to remedy this condition.

In prior examinations, Office management indicated these issues were due to competing priorities and management error. During the current examination, Office management indicated these issues were due to competing priorities and employee oversight.

Failure to adequately enforce and monitor terms and conditions of grant agreements could result in improper use and payment of grant funds. Additionally, failure to develop policies, procedures, and agency-specific rules as required hinders oversight of grant requirements, increases the risk of unauthorized grant activity, and represents noncompliance with State statute and the Code. (Finding Code No. 2024-019, 2022-021, 2020-013, 2018-006)

**RECOMMENDATION**

We recommend the Office adequately enforce and monitor terms and conditions of grant agreements to ensure proper use and payment of grant funds. In addition, we recommend Office develop and implement policies, procedures and agency-specific rules to ensure compliance with State laws.

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For the Two Years Ended June 30, 2024**

2024-019. **FINDING** (Inadequate Controls over Grant Agreements) - Continued

**OFFICE RESPONSE**

The Office agrees with this finding but would note that no inappropriate use of grant funds occurred. The agency requires invoices or other proof of expenditure prior to the Office issuing payment to the Grantees. In all cases that documentation was provided. The Office will ensure in the future that all required close out and other reporting occurs in a timely manner. The Office currently has a change to its administrative rules pending before the Joint Committee on Administrative Rules to correct the finding regarding the failure to include all appropriate Grant Accountability and Transparency Act references in agency administrative rules.

**STATE OF ILLINOIS**  
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**SCHEDULE OF FINDINGS – PRIOR FINDINGS NOT REPEATED**  
**For the Two Years Ended June 30, 2024**

A. **FINDING** (Failure to Establish and Maintain a Statewide Arsonist Database)

During the previous examination, the Office of the State Fire Marshal (Office) did not establish and maintain a Statewide Arsonist Database or make such database available to the public via its website as required by the Arsonist Registry Act (Act).

During the current examination, we noted the Office has created a Statewide Arsonist Database and made it available to the public via its website as required by the Act. (Finding Code No. 2022-001, 2020-006, 2018-010, 2016-002)

B. **FINDING** (Lack of Interagency Agreements with the Department of Public Health)

During the previous examination, the Office did not have interagency agreements with the Department of Public Health (Department) to ensure fire safety inspections were being performed to comply with licensing requirements for various facilities as mandated by the Community Living Facilities Licensing Act (210 ILCS 35/8.5), MC/DD Act (210 ILCS 46/3-216), and ID/DD Community Care Act (210 ILCS 47/3-216).

During the current examination, we noted the Office and Department had entered into interagency agreements laying out the responsibilities of both agencies for the completion of fire safety inspections to comply with licensing requirements. (Finding Code No. 2022-004, 2020-005)

C. **FINDING** (Inadequate Controls over Cybersecurity)

During the previous examination, the Office did not maintain adequate internal controls related to cybersecurity programs and practices.

During the current examination, our testing indicated the Office had established and maintained adequate internal controls related to cybersecurity programs and practices. (Finding Code No. 2022-010)

D. **FINDING** (Inadequate Controls over Electronic Devices)

During the previous examination, the Office did not maintain adequate controls over electronic devices. Specifically, the Office was unable to provide a population of State-owned equipment disposed of during the examination period and was unable to provide any information on whether a laptop recorded as lost contained personal data and whether encryption was utilized on the device.

During the current examination, our testing indicated no State-owned information technology equipment was disposed of or lost during the examination period. (Finding Code No. 2022-011, 2020-021)

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E. **FINDING** (Inadequate Controls over Monthly Reconciliations)

During the previous examination, the Office did not maintain adequate controls over monthly reconciliations.

During the current examination, the Office implemented corrective action to ensure monthly reconciliations were completed as required. (Finding Code No. 2022-012, 2020-007, 2018-007)

F. **FINDING** (Failure to Comply with the Pyrotechnic Distributor and Operator Licensing Act)

During the previous examination, the Office was not in compliance with the requirements of the Pyrotechnic Distributor and Operator Licensing Act (Act) (225 ILCS 227/36).

During the current examination, the Office implemented corrective action to ensure the accuracy and timeliness of statutorily required reporting regarding pyrotechnic operator licenses. (Finding Code No. 2022-014)

G. **FINDING** (Noncompliance with Interagency Agreement with the Illinois Department of Revenue)

During the previous examination, the Office did not comply with its interagency agreement with the Illinois Department of Revenue (IDOR). Specifically, the Office did not provide an electronic list of all licensees currently licensed by the Office as specified in the agreement. As a result, the Office did not subsequently receive lists from IDOR of Office licensees who were not in compliance with State tax requirements and therefore did not have the information necessary to pursue disciplinary action against delinquent licensees as required by the agreement.

During the current examination, the Office amended the agreement with IDOR to reflect current practice, which allows the Office to enter taxpayer information from applications received by the Office through IDOR's My Revenue Portal to verify tax compliance. (Finding Code No. 2022-018)

H. **FINDING** (Noncompliance with the FCIAA)

During the previous examination, the Office internal auditing program did not fully comply with the Fiscal Control and Internal Auditing Act (FCIAA). Specifically, the Office's program of internal auditing did not review all major systems within a two-year period as required by the FCIAA.

During the current examination, our testing indicated the Office was in compliance with the FCIAA as the Office's internal audit function reviewed all major systems within a two-year period. (Finding Code No. 2022-019)

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**For the Two Years Ended June 30, 2024**

I. **FINDING** (Failure to Comply with the Illinois Fire Protection Training Act)

During the previous examination, the Office did not comply with certain requirements of the Illinois Fire Protection Training Act (Act). Specifically, we noted that an educational program or literature for fire fighters on the history of the fire service labor movement had not been created as of the end of the examination period. Therefore, the Office did not make the educational program or literature available on its website as required by the Act.

During the current examination, the Office added a link on its website to the educational program or literature on the Associated Fire Fighters of Illinois' (AFFI) website. (Finding Code No. 2022-023, 2020-018)