



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

William G. Holland, Auditor General

SUMMARY REPORT DIGEST

OFFICE OF THE STATE FIRE MARSHAL

**Compliance Examination
 For the Two Years Ended June 30, 2014**

Release Date: March 5, 2015

FINDINGS THIS AUDIT: 5	New	Repeat	Total	AGING SCHEDULE OF REPEATED FINDINGS			
				Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	0	0	2008		14-1	
Category 2:	0	5	5	2006		14-4	
Category 3:	<u>0</u>	<u>0</u>	<u>0</u>	2004		14-3	
TOTAL	0	5	5	2002		14-2	
				1990		14-5	
FINDINGS LAST AUDIT: 13							

SYNOPSIS

- (14-2) The Office conducted inspections of boilers and pressure vessels in an untimely manner.
- (14-3) The Office exercised inadequate controls over the purchase, recording and reporting of State property.
- (14-5) The Office did not accurately report accounts receivable information to the Office of the Comptroller via its Quarterly Summary of Accounts Receivable.

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

{Expenditures and Activity Measures are summarized on next page.}

**OFFICE OF THE STATE FIRE MARSHAL
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2014**

EXPENDITURE STATISTICS	2014	2013	2012
Total Expenditures.....	\$ 38,689,395	\$ 26,508,788	\$ 24,863,671
OPERATIONS TOTAL.....	\$ 22,456,402	\$ 20,610,158	\$ 21,011,522
% of Total Expenditures.....	58.0%	77.7%	84.5%
Personal Services.....	10,385,739	9,227,547	10,200,924
Other Payroll Costs (FICA, Retirement).....	7,393,846	6,701,817	6,322,820
All Other Operating Expenditures.....	4,676,817	4,680,794	4,487,778
AWARDS AND GRANTS.....	\$ 16,224,108	\$ 5,890,365	\$ 3,845,800
% of Total Expenditures.....	41.9%	22.2%	15.5%
REFUNDS.....	\$ 8,885	\$ 8,265	\$ 6,349
% of Total Expenditures.....	0.1%	0.1%	0.0%
Total Receipts.....	\$ 6,698,614	\$ 6,422,095	\$ 6,700,133
Average Number of Employees.....	130	126	122

SELECTED ACTIVITY MEASURES (Not Examined)	2014	2013	2012
Fire Investigations.....	1,100	1,096	1,066
Boiler and Pressure Vessel State Inspections.....	46,835	45,318	45,924
Fire Prevention Building Inspections.....	10,246	9,901	13,078
Fire Service Certifications.....	12,368	13,466	13,260
Fire Service Examinations.....	8,378	8,855	9,257
Underground Storage Tank Inspections.....	10,785	8,516	10,026
Elevator Licenses.....	544	1,294	487

AGENCY DIRECTOR	
During Examination Period:	Mr. Larry Matkaitis (thru 1/19/15)
Currently:	Mr. Larry Matkaitis (Acting)

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

**INSPECTIONS OF BOILERS AND PRESSURE
VESSELS NOT PERFORMED TIMELY**

**Boiler and pressure vessel
inspections were not performed
timely**

The Office did not conduct inspections of boilers and pressure vessels in a timely manner. We noted 15 of 50 boiler and pressure vessel inspections were performed between 2 and 106 days late. (Finding 2, page 9). **This finding has been repeated since 2002.**

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

Office agrees with auditors

Office officials agreed with our recommendation and stated the Boiler and Pressure Vessel Safety Administrative rules were changed on August 1, 2013. This change allows for a 90 day inspection window after the expiration date of the inspection certificate. If the rule change was in effect during the audit period, only one late boiler exception would have been noted. *(For the previous Office response, see Digest Footnote #1.)*

**INADEQUATE CONTROL OVER THE PURCHASE,
RECORDING AND REPORTING OF STATE
PROPERTY**

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

We noted the following during testing:

Items not removed timely

- The Office did not timely resolve or remove 3 items, totaling \$5,176, noted as missing during the Fiscal Year 2014 annual inventory certification process.
- For 2 of 25 equipment additions tested, totaling \$6,272, the inventory was purchased and put into service in Fiscal Year 2012, but were listed as Fiscal Year 2013 additions on the Agency Report of State Property.
- 1 of 19 automobiles sent to surplus during Fiscal Year 2013 and Fiscal Year 2014 was not removed from the inventory listing timely. (Finding 3, pages 10-11). **This finding has been repeated since 2004.**

Items not added timely

We recommended the Office strengthen internal controls over the recording and reporting of State property by reviewing their inventory and recordkeeping practices to ensure compliance with statutory and regulatory requirements. Further, the Office should ensure all equipment is accurately and timely recorded on the Office's property records.

Office agrees with auditors

Office officials agreed with our recommendation and stated the Office is in the process of implementing a new inventory system. They further stated that this should speed up the process for both the Office and Shared Services. (For the previous Office response, see Digest Footnote #2.)

Receivable reports not properly completed

INADEQUATE REPORTING OF ACCOUNTS RECEIVABLE

The Office did not accurately report accounts receivable information to the Office of the Comptroller via its Quarterly Summary of Accounts Receivable (C-97 and C-98 Reports.) We noted 2 of 8 C-97 and C-98 Reports filed with the Comptroller did not contain the estimated uncollectible amount. Additionally, the Reconciliation for Comptroller's Offset Compliance was not completed. (Finding 5, page 13). **This finding has been repeated since 1990.**

We recommended the Office carefully prepare and review accounts receivable reports to ensure accounts receivable are reported in accordance with the Statewide Accounting Management System procedures.

Office agrees with auditors

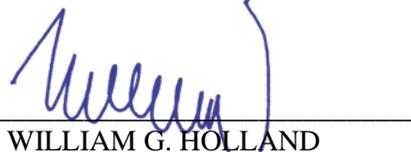
Office officials agreed with our recommendation and stated the Office now includes the estimated uncollectible amounts on its quarterly accounts receivable reporting. (For the previous Office response, see Digest Footnote #3.)

OTHER FINDINGS

The remaining findings pertain to untimely approval of payments and employee evaluations being performed late. We will review the Office's progress toward implementation of our recommendations during our next examination.

AUDITOR'S OPINION

We conducted a compliance examination of the Office as required by the Illinois State Auditing Act. The Office has no funds that require an audit leading to an opinion of financial statements.



WILLIAM G. HOLLAND
Auditor General

WGH:md

SPECIAL ASSISTANT AUDITORS

Our Special Assistant Auditors for this examination were Winkel, Parker & Foster, CPA PC.

DIGEST FOOTNOTES

#1 – INSPECTIONS OF BOILERS AND PRESSURE VESSELS NOT PERFORMED TIMELY - Previous Agency Response

2012: Office officials agreed with our recommendation and stated they will be recommending changes to the administrative rules to allow leeway from the time of expiration of the inspection certificate until the inspection can be completed.

#2 – INADEQUATE CONTROL OVER THE PURCHASE, RECORDING AND REPORTING OF STATE PROPERTY – Previous Agency Response

2012: Office officials agreed with our recommendation and state that items would be removed in a timely manner and deletion forms would be properly completed.

#3 – INADEQUATE REPORTING OF ACCOUNTS RECEIVABLE – Previous Agency Response

2012: Office officials agreed with our recommendation and stated a contractor had been hired to provide assistance to the Office in preparing the quarterly accounts receivable reports.