



STATE OF ILLINOIS

OFFICE OF THE AUDITOR GENERAL

**EDUCATIONAL
LABOR RELATIONS BOARD**

**COMPLIANCE EXAMINATION
FOR THE TWO YEARS ENDED JUNE 30, 2005**

WILLIAM G. HOLLAND

AUDITOR GENERAL

STATE OF ILLINOIS
ILLINOIS EDUCATIONAL LABOR RELATIONS BOARD
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2005

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AGENCY OFFICIALS

EDUCATIONAL LABOR RELATIONS BOARD

Chairman (Effective 6/1/04)

Ms. Lynne O. Sered

Chairman (7/1/03 through 5/31/04)

Ms. Bridget L. Lamont

Executive Director

Mr. Victor Blackwell

General Counsel

Ms. Helen Higgins Kelly

Fiscal Officer

Ms. Cheri Wehmhoff

Agency administrative offices are located at:

320 West Washington
Suite 260
Springfield, IL 62701

160 North LaSalle Street
Suite N-400
Chicago, IL 60601



ILLINOIS EDUCATIONAL LABOR RELATIONS BOARD

MANAGEMENT ASSERTION LETTER

September 29, 2005

Honorable Williams G. Holland
Auditor General
Iles Park Plaza
740 E. Ash
Springfield, IL 62703-3154

Dear Mr. Holland:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grants that could have a material effect on the operations of the Board. 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 Board's compliance with the following assertions during the two-year period ended June 30, 2005. Based on this evaluation, we assert that during the year(s) ended June 30, 2004 and June 30, 2005, the board has materially complied with the assertions below.

The Board 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.

The Board 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.

The Board has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

The State revenues and receipts collected by the Board 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.

The money or negotiable securities or similar assets handled by the Board on behalf of the State or held in trust by the Board have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

Internet Address: <http://www.state.il.us/agency/ielrb>

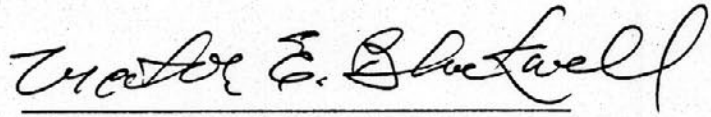
160 North LaSalle Street, Suite N-400 | Chicago, Illinois 60601-3103 | Telephone: 312/793-3170 | Facsimile: 312/793-3369
320 West Washington Street, Suite 260 | Springfield, Illinois 62701-1135 | Telephone: 217/782-9068 | Facsimile: 217/782-9331

TTY: 1-800/526-0844 (Relay)

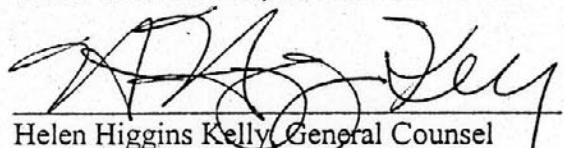
Your very truly,

Illinois Educational Labor Relations Board

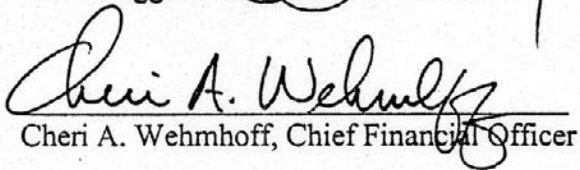
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Victor E. Blackwell, Executive Director



Helen Higgins Kelly, General Counsel



Cheri A. Wehmhoff, Chief Financial Officer

COMPLIANCE REPORT

SUMMARY

The compliance testing performed during this examination was conducted in accordance with *Government Auditing Standards* and in accordance with the Illinois State Auditing Act.

AUDITORS' REPORT

The Independent Accountants' Report on State Compliance, on Internal Control Over Compliance and on Supplementary Information for State Compliance Purposes does not contain scope limitations, disclaimers, or other significant non-standard language.

SUMMARY OF FINDINGS

<u>Number of</u>	<u>This Report</u>	<u>Prior Report</u>
Findings	4	1
Repeated findings	0	1
Prior recommendations implemented or not repeated	1	2

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

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
FINDINGS (STATE COMPLIANCE)		
05-1	9	Efficiency initiative payments
05-2	11	Untimely processing of fair share cases and payments
05-3	13	Inadequate controls over personal services
05-4	15	Annual reports not completed
PRIOR FINDINGS NOT REPEATED (STATE COMPLIANCE)		
05-5	16	Property control and reporting weaknesses

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an exit conference on December 8, 2005. Attending were:

Office of Auditor General

Gayla Rudd, Audit Manager
Peggy Hartson, Audit Supervisor
Joelle Sullivan, Auditor

Educational Labor Relations Board

Victor Blackwell, Executive Director
Lynne Sered, Chairman
Cheri Wehmhoff, Fiscal Officer

Responses to the recommendations were provided by Victor Blackwell, Executive Director in a letter dated December 8, 2005.

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OFFICE OF THE AUDITOR GENERAL

WILLIAM G. HOLLAND

INDEPENDENT ACCOUNTANTS' REPORT ON STATE COMPLIANCE,
ON INTERNAL CONTROL OVER COMPLIANCE, AND ON
SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

We have examined the Illinois Educational Labor Relations Board's (Board) compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the two years ended June 30, 2005. The management of the Board is responsible for compliance with these requirements. Our responsibility is to express an opinion on the Board's compliance based on our examination.

- A. The Board 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 Board 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 Board has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. The State revenues and receipts collected by the Board are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the Board on behalf of the State or held in trust by the Board have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in Government Auditing Standards issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the Audit Guide as adopted by the

Auditor General pursuant to the Act; and, accordingly, included examining, on a test basis, evidence about the Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Board's compliance with specified requirements.

In our opinion, the Board complied, in all material respects, with the aforementioned requirements during the two years ended June 30, 2005. However, the results of our procedures disclosed other instances of noncompliance, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of State findings as findings 05-1, 05-2, 05-3, and 05-4. As required by the Audit Guide, an immaterial finding relating to an instance of noncompliance excluded from this report has been reported in a separate letter.

Internal Control

The management of the Board is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations. In planning and performing our examination, we considered the Board's internal control over compliance with the aforementioned requirements in order to determine our examination procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide issued by the Illinois Office of the Auditor General.

Our consideration of internal control over compliance with the aforementioned requirements would not necessarily disclose all matters in internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws and regulations that would be material in relation to one or more of the aforementioned requirements being examined may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over compliance that we consider to be material weaknesses. However, the results of our procedures disclosed other matters involving internal control which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of State findings as findings 05-1, 05-2, 05-3, and 05-4. As required by the Audit Guide, an immaterial finding relating to internal control deficiencies excluded from this report has been reported in a separate letter.

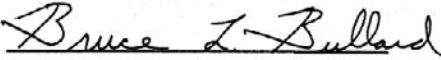
Supplementary Information for State Compliance Purposes

Our examination was conducted for the purpose of forming an opinion on compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information as listed in the table of contents as Supplementary Information for State Compliance Purposes is presented for purposes of additional analysis. We have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the 2004 and 2005 Supplementary Information for State Compliance Purposes, except for information on the

Service Efforts and Accomplishments on which we did not perform any procedures. However, we do not express an opinion on the supplementary information.

We have not applied procedures to the 2003 Supplementary Information for State Compliance Purposes, and accordingly, we do not express an opinion thereon.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, and agency management, and is not intended to be and should not be used by anyone other than these specified parties.


BRUCE L. BULLARD, CPA
Compliance Audit Director

September 29, 2005

05-1. **FINDING** (Efficiency initiative payments)

The Educational Labor Relations Board (Board) made payments for efficiency initiative billings from improper line item appropriations.

Public Act 93-0025, in part, outlines a program for efficiency initiatives to reorganize, restructure and reengineer the business processes of the State. The State Finance Act details that the amount designated as savings from efficiency initiatives implemented by the Department of Central Management Services (CMS) shall be paid into the Efficiency Initiatives Revolving Fund. **“State agencies shall pay these amounts...from the line item appropriations where the cost savings are anticipated to occur.”** (30 ILCS 105/6p-5)

Three billings to the Board from CMS for savings from efficiency initiatives totaled \$10,519. The initiatives and amounts billed to the Board for FY04-05 were:

INVOICE BILLING DATE	INITIATIVE	BILLED AMOUNT
FY04		
9/19/03	Procurement Efficiency	\$ 8,805
9/19/03	Information Technology	\$ 818
FY05		
4/21/05	Information Technology	\$ 896
Grand Total FY04-FY05:		\$ 10,519

The Board did not receive guidance or documentation with the FY04 and FY05 billings from CMS detailing from which line item appropriations savings were anticipated to occur. The only guidance indicated on the FY04 billing invoices was the amount of payments that should be taken from General Revenue Funds (GRF) versus Other Funds for the billings. In FY05, CMS attached, to the billing, a memorandum with the subject “FY05 IT & Telecom Savings.” Board staff reported they received no evidence of savings for the FY04 and FY05 amounts billed nor had the Office experienced any savings for the amounts billed.

Based on our review, we question whether the appropriate appropriations, as required by the State Finance Act, were used to pay for the anticipated savings. We found that the Board made payments for these billings **not** from line item appropriations where the cost savings were anticipated to have occurred but from line items where Board staff reported they had available funds. The Board used contractual services appropriations to pay the billings in both fiscal years.

The table below provides an illustration of the specific funds and line items the Board used to make payments for the efficiency initiatives. Additionally, the table illustrates which efficiency initiatives were paid from the various line item appropriations.

FUND	LINE ITEM APPROPRIATION	AMOUNT PAID	TOTAL APPROPRIATION FOR LINE ITEM	EFFICIENCY INITIATIVE	
				PROCUREMENT	INFORMATION TECHNOLOGY
FY04					
GRF	For Contractual Services	\$ 9,623	\$ 105,477	✓	✓
FY05					
GRF	For Contractual Services	\$ 896	\$ 74,503		✓

Use of appropriations unrelated to the cost savings initiatives results in non-compliance with the State Finance Act. Furthermore, use of appropriations for purposes other than those authorized by the General Assembly effectively negates a fundamental control established in State government. Finally, use of funds unrelated to the savings initiative may result in an adverse effect on services the Board provides. (Finding Code No. 05-1)

RECOMMENDATION

We recommend that the Board only make payments for efficiency initiative billings from line item appropriations where savings would be anticipated to occur. Further, the Board should seek an explanation from the Department of Central Management Services as to how savings levels were calculated, or otherwise arrived at, and how savings achieved or anticipated impact the Board’s budget.

BOARD RESPONSE

The Board complied with the directives of CMS and disbursed funds within the required time specified by CMS. The amount of the expenditures was not anticipated in the budget, consequently, the contractual services appropriation had to be used to pay for the initiative savings. The Board will contact CMS to substantiate the amount of savings.

05-2. **FINDING** (Untimely processing of fair share cases and payments)

The Educational Labor Relations Board (Board) did not timely hold fair share hearings, issue Recommended Decisions and Orders, or make fair share payments.

Certain collective bargaining agreements entered into with labor representatives contain provisions for non-union employees covered by the agreement to pay the organization a fair share fee for services rendered. The Board has the authority to determine fair share fees for non-union members that object to the amount of their assessment. Objections to fair share assessments are heard by an Administrative Law Judge (Judge) designated by the Board.

When an employee objects to a fair share assessment, the employer continues to collect the employee's fair share from their pay, but transmits the fee to the Board for deposit in the Fair Share Trust Fund (Fund), an escrow account maintained by the Board. The Judge reports his or her decision to the Board for a final order. The Board considers fair share decisions quarterly. After the final decision of the Board, the amounts held in the Fund, plus accrued interest, are disbursed to the employee and the representative in accordance with the terms of the final order.

We noted the following:

- Three of 3 (100%) consolidated cases reviewed had hearings held 123 to 178 days after the last day for filing an objection. In addition, the Recommended Decisions and Orders were issued 232 to 315 days after the close of the record. The Illinois Educational Labor Relations Board Rules and Regulations (80 Ill. Adm. Code 1125.80) states that the hearing shall commence no later than 60 days after an objection is filed. In addition, a Recommended Decision and Order shall be issued within 60 days of the close of record, unless additional time (up to 30 days) is required due to the length of the record and/or the complexity of the issues involved. Payment for the three cases had not been made as of the end of fieldwork. Board management stated that hearing delays were required in order for all fee payers to have the opportunity to file their objections or settle the objections after the complaint was issued. The issuance of the Recommended Decisions and Orders was delayed as a result of understaffing and budget cuts.
- Seven of 10 (70%) vouchers tested involving 144 individual cases finalized by the Board were not processed for payment in a timely manner. The decisions included fair share disbursements of approximately \$36,835, which includes accrued interest. The vouchers were processed from 133 to 798 days after the Final Order was issued, and no documentation was maintained to substantiate the delays. Good business practices require proper internal controls be established to help promote operational efficiency. In addition, agency operations should be conducted in an economical, efficient, and effective manner. Board management stated that the ability to disperse the fair share payments is contingent upon coordination of efforts by a number of individuals. The receipt of the Union

calculations, information from School District Payroll officers, hearing schedules and Board staff shortages have attributed to the extended timeframe for payment of fees.

Failure to hold hearings within the 60 day requirement results in the Recommended Decision and Order not being issued timely and therefore, can result in untimely processing of fair share payments. Failure to process payments for fair share cases timely results in delays in payments to fair share objectors and the unions. (Finding Code No. 05-2)

RECOMMENDATION

We recommend the Board hold hearings and issue Recommended Decisions and Orders in accordance with their rules and regulations. We further recommend that the Board implement controls to expedite fair share payments. In addition, efforts to coordinate necessary information from outside parties should be documented to justify any delays.

BOARD RESPONSE

The Board acknowledges that there were delays in the hearing process, issuance of the ALJ Recommended Decision and Order and processing of vouchers pursuant to the Fair Share Hearings. The Board has implemented new directives to expedite the hearing process and issuance of the ALJ decisions in fair share cases. The inherent lack of uniformity and nuances among the several Unions in processing, calculating and delivering fair share figures to the Board often result in some delays. Understaffing and budget cuts also contributed to these delays. The Board will review the process with the appropriate personnel to develop and implement adequate procedures to expedite these three areas of Fair Share.

05-3. **FINDING** (Inadequate controls over personal services)

The Educational Labor Relations Board (Board) did not have adequate controls over personal services. We noted the following:

- The Board did not timely conduct annual performance evaluations for 16 of 16 (100%) employees tested during FY04 and FY05. Employee evaluations were performed between 7 and 220 days late. In addition, there was no record of an annual evaluation for one employee during the past two years, and six employees had not received an FY05 evaluation as of the end of fieldwork. The Board's Employee Handbook states that an employee's performance is to be evaluated at least annually. Board management stated that employee evaluations were unduly delayed as a result of the personnel officer being laid off at the beginning of FY04.
- Timekeeping discrepancies were noted for 2 of 7 (29%) employees tested when reviewing travel vouchers for top travelers. The travel vouchers showed the employees leaving their homes for business related travel between 1 and 4.5 hours later than their assigned work hours on 10 days in FY04 and between 1 and 5.5 hours late on 13 days in FY05. In addition, one FY04 travel voucher showed the employee also returned home 2.5 hours early. No itineraries were submitted and the time sheets submitted for the corresponding days showed the employee to be in the office or on travel status during the Board's business hours. The Board's Employee Handbook (Handbook) states that official office hours are 8:30 to 5:00, Monday through Friday. Employees are required to work at their post of duty or in the field. Any other arrangements require prior written approval. The Handbook further states that those employees who are on travel status or perform work outside of the office must furnish a copy of their itinerary, if they are out of the office for more than 2 hours, to the receptionist and the Office Manager each Monday for that week. Board management stated that although adequate documentation was not maintained, the employees did work the required number of hours.
- Two of 10 (20%) employees tested arrived approximately 1 hour after their official starting times, but no leave time was taken and their timesheets reflected a full day's work. In addition, two of 10 (20%) employees who were absent completed leave slips for vacation time 6 and 16 days after the time was taken. The Board's Employee Handbook requires employees to arrive at work on time and notify the timekeeper within one hour of the scheduled starting time if they are absent or late for any reason. The Handbook also states that approval for vacation time must be granted in advance. Board management stated that at the discretion of the supervisor, an employee may make up minimal amounts of time by working additional time that day, and a memorandum was forwarded to employees reminding them that vacation requests must be submitted to the supervisor and approved in advance.

Performance evaluations are a systematic and uniform approach used for the development of employees and communication of performance expectations to employees. Failure to have adequate controls over employee work hours and maintain accurate attendance records

increases the risk that the Board is paying for services not rendered by employees. (Finding Code No. 05-3)

RECOMMENDATION

We recommend the Board conduct performance evaluations annually as required by policy, implement appropriate controls to monitor employee work hours including when an employee is on travel status, and obtain prior approval for employee leave time when required.

BOARD RESPONSE

The Board acknowledges that the FY04 and FY05 evaluations were not done in a timely manner. Most of these delays resulted from the layoff of our Chief Personnel Officer in FY04. The Board has issued Notice to all Managers to process all outstanding evaluations and maintain timely production of evaluations in the future.

Itineraries will be maintained for employees on travel status pursuant to the current directives in the employee handbook and employees will be advised to adhere to the agency policies of submitting timely itineraries for fieldwork operations.

Employees have been notified that the supervisor in advance of its use must approve employee use of vacation time. Employees are required to call in if they are late and use their leave time or otherwise make arrangements with their supervisors to make up the time they were absent. A reminder of this policy will be issued to all employees.

05-4. **FINDING** (Annual reports not completed)

The Educational Labor Relations Board (Board) did not complete and submit required annual reports to the Governor and the General Assembly.

The Educational Labor Relations Act (115 ILCS 5/5 (j)) requires the Board at the end of each fiscal year to make a report in writing, to the Governor and the General Assembly, stating in detail the work it has done in hearing and deciding cases and otherwise.

Board personnel stated that a reduction in administrative and support staff substantially affected their ability to complete the reports.

Failure to complete the reports and submit them to the Governor and General Assembly lessens governmental oversight and is noncompliance with a statutory mandate. (Finding Code No. 05-4)

RECOMMENDATION

We recommend the Board comply with the Educational Labor Relations Act by completing and submitting the required annual reports to the Governor and General Assembly.

BOARD RESPONSE

Annual Board Reports were coordinated and compiled by the Chief Personnel Officer who was laid off in FY04. This responsibility has since been reassigned to other staff for completion and submittal. The reduction in administrative and support staff adversely affected the Board's ability to timely process the reports. The Board will have the reports completed for both FY04 and FY05 before the end of this year and intends to issue all future reports in a timely manner.

PRIOR FINDINGS NOT REPEATED (STATE COMPLIANCE)

05-5. **PRIOR FINDING** - (Property control and reporting weaknesses)

During the prior period, the Educational Labor Relations Board (Board) did not maintain sufficient controls over the recording and reporting of property. The Board did not accurately record net transfers of capitalized equipment or additions and net transfers of accumulated depreciation on the FY03 GAAP form SCO-538. Also, equipment items purchased were not timely added to the property control records.

During the current period, the Board accurately reported capitalized equipment and accumulated depreciation on the FY05 SCO-538 and timely added purchases to the property control records. (Finding Code No. 03-1)

SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

SUMMARY

Supplementary Information for State Compliance Purposes presented in this section of the report includes the following:

- Fiscal Schedules and Analysis:

- Schedule of Appropriations, Expenditures and Lapsed Balances
- Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
- Schedule of Efficiency Initiative Payments
- Schedule of Changes in State Property
- Comparative Schedule of Cash Receipts
- Reconciliation Schedule of Cash Receipts to Deposits Remitted to the State Comptroller
- Analysis of Significant Variations in Expenditures
- Analysis of Significant Lapse Period Spending

- Analysis of Operations:

- Agency Functions and Planning Program
- Average Number of Employees
- Service Efforts and Accomplishments (Not Examined)

The auditors' report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states the auditors have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General, except for information on the Service Efforts and Accomplishments on which they did not perform any procedures. However, the auditors do not express an opinion on the supplementary information.

STATE OF ILLINOIS
EDUCATIONAL LABOR RELATIONS BOARD
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For The Fiscal Year Ended June 30, 2005

P.A. 93-0842 FISCAL YEAR 2005	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	Balances Lapsed August 31
Appropriated Fund					
General Revenue Fund - 001					
Personal Services	\$ 960,000	\$ 896,430	\$ 0	\$ 896,430	\$ 63,570
Employee Retirement					
Contributions Paid by Employer	0	0	0	0	0
State Contribution to State					
Employees' Retirement System	154,600	144,030	0	144,030	10,570
State Contributions to Social Security	73,400	65,504	0	65,504	7,896
Contractual Services	74,503	51,808	9,520	61,328	13,175
Travel	24,000	11,123	3,815	14,938	9,062
Commodities	4,800	3,545	1,231	4,776	24
Printing	4,675	3,090	1,541	4,631	44
Equipment	24,000	2,577	10,151	12,728	11,272
Electronic Data Processing	22,100	3,604	847	4,451	17,649
Telecommunications	25,900	17,722	3,107	20,829	5,071
Operation of Automotive Equipment	3,800	583	1,207	1,790	2,010
Total General Revenue Fund	<u>\$ 1,371,778</u>	<u>\$ 1,200,016</u>	<u>\$ 31,419</u>	<u>\$ 1,231,435</u>	<u>\$ 140,343</u>
Non-Appropriated Fund					
Fair Share Trust Fund - 996					
Fair Share Trust Fund	<u>\$ 0</u>	<u>\$ 41,199</u>	<u>\$ 0</u>	<u>\$ 41,199</u>	<u>\$ 0</u>
Total Fair Share Trust Fund	<u>\$ 0</u>	<u>\$ 41,199</u>	<u>\$ 0</u>	<u>\$ 41,199</u>	<u>\$ 0</u>
GRAND TOTAL, ALL FUNDS		<u>\$ 1,241,215</u>	<u>\$ 31,419</u>	<u>\$ 1,272,634</u>	

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

STATE OF ILLINOIS
EDUCATIONAL LABOR RELATIONS BOARD
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For The Fiscal Year Ended June 30, 2004

P.A. 93-0091 FISCAL YEAR 2004	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	Balances Lapsed August 31
Appropriated Fund					
<u>General Revenue Fund - 001</u>					
Personal Services	\$ 1,009,600	\$ 1,009,383	\$ 0	\$ 1,009,383	\$ 217
Employee Retirement					
Contributions Paid by Employer	40,300	0	0	0	40,300
State Contribution to State					
Employees' Retirement System	135,600	93,790	0	93,790	41,810
State Contributions to Social Security	76,700	74,137	0	74,137	2,563
Contractual Services	105,477	94,865	1,428	96,293	9,184
Travel	11,500	10,413	1,005	11,418	82
Commodities	3,300	1,735	939	2,674	626
Printing	2,400	1,914	474	2,388	12
Equipment	25,000	2,376	126	2,502	22,498
Electronic Data Processing	5,100	1,112	941	2,053	3,047
Telecommunications	23,200	18,131	5,051	23,182	18
Operation of Automotive Equipment	2,100	980	849	1,829	271
Total General Revenue Fund	<u>\$ 1,440,277</u>	<u>\$ 1,308,836</u>	<u>\$ 10,813</u>	<u>\$ 1,319,649</u>	<u>\$ 120,628</u>
Non-Appropriated Fund					
<u>Fair Share Trust Fund - 996</u>					
Fair Share Trust Fund	<u>\$ 0</u>	<u>\$ 45,353</u>	<u>\$ 0</u>	<u>\$ 45,353</u>	<u>\$ 0</u>
Total Fair Share Trust Fund	<u>\$ 0</u>	<u>\$ 45,353</u>	<u>\$ 0</u>	<u>\$ 45,353</u>	<u>\$ 0</u>
GRAND TOTAL, ALL FUNDS		<u>\$ 1,354,189</u>	<u>\$ 10,813</u>	<u>\$ 1,365,002</u>	

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

STATE OF ILLINOIS
EDUCATIONAL LABOR RELATIONS BOARD
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For the Fiscal Years Ended June 30,

	Fiscal Year		
	2005	2004	2003
General Revenue Fund - 001	P.A. 93-0842	P.A. 93-0091	P.A. 92-0538
<hr/>			
Appropriations (Net of Transfers)	\$ 0	\$ 1,440,277	\$ 1,725,200
<hr/>			
<u>Expenditures</u>			
Personal Services	\$ 0	\$ 1,009,383	\$ 1,153,785
Employee Retirement			
Contributions Paid by Employer	0	0	43,263
State Contribution to State			
Employees' Retirement System	0	93,790	119,152
State Contributions to Social Security	0	74,137	85,707
Contractual Services	0	96,293	177,318
Travel	0	11,418	20,591
Commodities	0	2,674	3,780
Printing	0	2,388	2,458
Equipment	0	2,502	20,090
Electronic Data Processing	0	2,053	2,131
Telecommunications	0	23,182	27,234
Operation of Automotive Equipment	0	1,829	2,407
	<hr/>	<hr/>	<hr/>
Total Expenditures	\$ 0	\$ 1,319,649	\$ 1,657,916
	<hr/>	<hr/>	<hr/>
Lapsed Balances	\$ 0	\$ 120,628	\$ 67,284
	<hr/>	<hr/>	<hr/>
Non-Appropriated			
Fair Share Trust Fund - 996			
Expenditures	\$ -	\$ 45,353	\$ 65,484
	<hr/>	<hr/>	<hr/>
Total Expenditures	\$ -	\$ 45,353	\$ 65,484
	<hr/>	<hr/>	<hr/>
GRAND TOTAL, ALL FUNDS			
Total Expenditures	\$ -	\$ 1,365,002	\$ 1,723,400
	<hr/>	<hr/>	<hr/>
Salaries paid from the Comptroller's Executive Salary Appropriation:			
Board Chairman	\$ 88,641	\$ 88,641	\$ 88,641
Six Board Members	0	442,594	438,261
Four Board Members	319,116	0	0
	<hr/>	<hr/>	<hr/>
Total Expenditures from Comptroller's Executive Salaries Appropriation	\$ 407,757	\$ 531,235	\$ 526,902
	<hr/>	<hr/>	<hr/>

STATE OF ILLINOIS
EDUCATIONAL LABOR RELATIONS BOARD
SCHEDULE OF EFFICIENCY INITIATIVE PAYMENTS

<u>Procurement Efficiency Initiative</u>	<u>FY05</u>	<u>FY04</u>
General Revenue Fund-001		
Contractual Services	\$ 0	\$ 8,805
Sub-Total	<u>\$ 0</u>	<u>\$ 8,805</u>
<u>Information Technology Initiatives</u>		
General Revenue Fund-001		
Contractual Services	\$ 896	\$ 818
Sub-Total	<u>\$ 896</u>	<u>\$ 818</u>
Grand Total	<u><u>\$ 896</u></u>	<u><u>\$ 9,623</u></u>

Note: This schedule includes only those payments made pursuant to 30 ILCS 105/6p-5. Amounts were obtained from the Agency and reconciled to information from the Office of the Comptroller.

STATE OF ILLINOIS
 EDUCATIONAL LABOR RELATIONS BOARD
SCHEDULE OF CHANGES IN STATE PROPERTY
 For the Two Years Ended June 30, 2005

		<u>Equipment</u>
Balance at July 1, 2003	\$	523,446
Additions		3,034
Deletions		(64,803)
Net Transfers		<u>(92)</u>
Balance at June 30, 2004	\$	<u>461,585</u>
Balance at July 1, 2004	\$	461,585
Additions		313
Deletions		(9,381)
Net Transfers		<u>(16,774)</u>
Balance at June 30, 2005	\$	<u>435,743</u>

Note: The above schedule has been derived from Agency records which have been reconciled to property reports submitted to the Office of the Comptroller.

STATE OF ILLINOIS
EDUCATIONAL LABOR RELATIONS BOARD
COMPARATIVE SCHEDULE OF CASH RECEIPTS
For the Fiscal Years Ended June 30,

<u>General Revenue Fund - 001</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Jury Duty	\$ 0	\$ 60	\$ 17
Copies	176	110	178
Reimbursement for Phone	0	0	13
Refunds	<u>14</u>	<u>0</u>	<u>0</u>
 Total General Revenue Fund	 <u>\$ 190</u>	 <u>\$ 170</u>	 <u>\$ 208</u>
<u>Fair Share Trust Fund - 996</u>			
Fair Share Trust Fees	\$ 64,843	\$ 63,244	\$ 64,441
Interest	<u>2,470</u>	<u>1,590</u>	<u>2,397</u>
 Total Fair Share Trust Fund	 <u>\$ 67,313</u>	 <u>\$ 64,834</u>	 <u>\$ 66,838</u>
 Total Receipts	 <u><u>\$ 67,503</u></u>	 <u><u>\$ 65,004</u></u>	 <u><u>\$ 67,046</u></u>

STATE OF ILLINOIS
EDUCATIONAL LABOR RELATIONS BOARD
RECONCILIATION OF CASH RECEIPTS
TO DEPOSITS REMITTED TO THE STATE COMPTROLLER
For the Fiscal Year Ended June 30,

<u>General Revenue Fund - 001</u>	<u>2005</u>	<u>2004</u>
Receipts per Agency Records	\$ 190	\$ 170
Add: Deposits in Transit, Beginning of Year	0	0
Less: Deposits in Transit, End of Year	<u>(6)</u>	<u>0</u>
Deposits Recorded by the Comptroller	<u><u>\$ 184</u></u>	<u><u>\$ 170</u></u>
<u>Fair Share Trust Fund - 996</u>		
Receipts per Agency Records	\$ 67,313	\$ 64,834
Add: Deposits in Transit, Beginning of Year	941	456
Less: Deposits in Transit, End of Year	<u>(3,240)</u>	<u>(941)</u>
Deposits Recorded by the Comptroller	<u><u>\$ 65,014</u></u>	<u><u>\$ 64,349</u></u>

STATE OF ILLINOIS
EDUCATIONAL LABOR RELATIONS BOARD
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2005

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

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

General Revenue Fund (001)

State Contribution to State Employees' Retirement System

The increase in State contributions to State employees' retirement system (SERS) was due to the increase of the SERS employment contribution rate from 13.439% in FY04 to 16.107% in FY05.

Contractual Services

The decrease in contractual services expenditures was due to property lease payments being paid by CMS effective March 2004.

Equipment

The increase in equipment expenditures was due to office furniture purchased for both the Springfield and Chicago offices.

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2003 AND 2004

General Revenue Fund (001)

Employee Retirement Contributions Paid by Employer

The decrease in employee retirement contributions paid by employer was due to the State discontinuing payment of employee retirement contributions for Board employees.

State Contribution to State Employees' Retirement System

The decrease in State contributions to State employees' retirement system was due to a reduction in employee headcount in FY04.

Contractual Services

The decrease in contractual services expenditures was due to the Board discontinuing its contract for legislative liaison services, and lower court reporting costs as a result of a reduction in the number of scheduled hearings.

STATE OF ILLINOIS
EDUCATIONAL LABOR RELATIONS BOARD
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2005

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2003 AND 2004 (Continued)

Travel

The decrease in travel expenditures was due to a decrease in scheduled hearings and a reduction in the number of employees.

Equipment

The decrease in equipment expenditures was due to the cancellation of nearly all periodicals and legal subscriptions as a result of budget constraints.

Fair Share Trust Fund (996)

Fair Share

The decrease in expenditures was due to a decrease in the number of fair share cases.

STATE OF ILLINOIS
EDUCATIONAL LABOR RELATIONS BOARD
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Two Years Ended June 30, 2005

FISCAL YEAR 2005

General Revenue Fund (001)

Equipment

The Board purchased office furniture totaling \$9,355 during the fiscal year for both the Springfield and Chicago offices that was received and paid during lapse.

FISCAL YEAR 2004

General Revenue Fund (001)

Telecommunications

The Board paid invoices received during the lapse period totaling \$4,426 to the Communications Revolving Fund for telecommunication charges incurred during the fiscal year.

STATE OF ILLINOIS
EDUCATIONAL LABOR RELATIONS BOARD
ANALYSIS OF OPERATIONS

AGENCY FUNCTIONS AND PLANNING PROGRAM

BOARD FUNCTIONS

The Illinois Educational Labor Relations Board (Board) was created on January 1, 1984 to administer the Illinois Education Labor Relations Act (115 ILCS 5/1 et seq). The Act sets forth the rules, regulations, and procedures for labor relations and collective bargaining between public educational employers and educational employees in Illinois. The Act affords public educational employees the right to organize, to select a labor organization to represent them, and the right to bargain with their educational employer through their chosen labor representative.

The Board has jurisdiction over collective bargaining matters between educational employees and public school educational employers in Illinois. The Board is responsible for conducting elections in which employees may designate a union to serve as their bargaining representative, investigating and processing unfair labor charges, and maintaining a list of qualified arbitrators and mediators to assist educational employers and employee representatives in resolving their labor disputes and negotiations. The Board has the authority to seek enforcement of arbitration awards and to determine fair share fees for those non-union members who object to the amount of their fair share assessments. Those fair share fees to which an employee has objected are maintained in an escrow account.

The Board consists of a chairman and four members who are appointed by the Governor with the advice and consent of the Senate. The current members as of June 30, 2005 are:

- Lynne O. Sered, Chairman
- Ronald F. Ettinger
- Bridget L. Lamont
- Michael H. Prueter
- Jimmie E. Robinson

Executive Director: Victor E. Blackwell

The Board has two locations:

320 West Washington
Springfield, Illinois 62701-1135

160 North LaSalle Street
Suite N-400
Chicago, Illinois 60601-3103

STATE OF ILLINOIS
 EDUCATIONAL LABOR RELATIONS BOARD
 ANALYSIS OF OPERATIONS

AGENCY FUNCTIONS AND PLANNING PROGRAM – (Continued)

The Board regulates approximately 450,000 Statewide educational employees, 1,500 bargaining units and 37 separate unions. The Board’s jurisdiction over educational labor matters encompasses over 1,100 separate public educational institutions including primary, middle, and high schools, community colleges and universities.

PLANNING PROGRAM

The Board does not have a formal long range planning program; however, they usually meet bimonthly to deliberate cases and vote to issue its Opinions and Orders on the cases. They also address planning issues such as budgeting, personnel, and evaluating the efficiency and effectiveness of current policies and procedures.

AUDITORS' ASSESSMENT

The Board’s planning program appears adequate for meeting its statutorily defined functions.

AVERAGE NUMBER OF EMPLOYEES

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

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Paid from Illinois Educational Labor Relations Board Appropriation:			
Executive Director	1	1	1
Technical Advisors	1	1	7
Investigators and Supervisors	8	8	4
Administrative and Clerical	6	6	11
Total average full-time employees	<u>16</u>	<u>16</u>	<u>23</u>
Paid from Comptroller's Executive Salaries Appropriation:			
Board Chairman	1	1	1
Board Members	4	6	6
Total average Board members	<u>5</u>	<u>7</u>	<u>7</u>

STATE OF ILLINOIS
EDUCATIONAL LABOR RELATIONS BOARD
ANALYSIS OF OPERATIONS

SERVICE EFFORTS AND ACCOMPLISHMENTS (NOT EXAMINED)

The types of cases processed by the Board fall essentially into three categories:

- 1) representation cases
- 2) mediation cases
- 3) unfair labor practice cases

Representation Cases

Representation cases involve processing and issuing opinions regarding questions of representation including the conducting of orderly elections.

<u>Cases Filed</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Petition to Determine Representative	38	30	31
Petition to Decertify Representative	10	5	10
Petition - Representation(Employer)	0	2	1
Petition to Determine Unit	44	22	33
Voluntary Recognition Petition	4	9	3
Unit Clarification Petition	28	17	13
Amended Certification Petition	9	4	4
Total Cases Filed	<u>133</u>	<u>89</u>	<u>95</u>

Disposition of Cases filed

Certification of Representative	50	46	45
Certification of Voluntary Recognition	2	3	2
Certification of Results	5	3	6
Withdrawn	15	15	12
Executive Director's Recommended Decision and Order	0	2	0
Executive Director's Grant of Unit Clarification/Amended Certification	1	7	2
Other	2	4	0
Pending	55	12	28
Total Cases Processed	<u>130</u>	<u>92</u>	<u>95</u>

STATE OF ILLINOIS
 EDUCATIONAL LABOR RELATIONS BOARD
 ANALYSIS OF OPERATIONS

SERVICE EFFORTS AND ACCOMPLISHMENTS (NOT EXAMINED) (CONTINUED)

Mediation Cases

Mediation cases involve situations in which the parties engaged in collective bargaining have reached an impasse and may petition the Board to initiate mediation. The Board may also on its own motion initiate mediation during this period.

One measure of the effectiveness of mediation is determined by the number of school strikes averted through invoking and/or deferring mediation.

There were seven strikes in school districts during the 2002-2003 school year, ten during the 2003-2004 school year and five during 2004-2005 school year.

Unfair Labor Practice Cases

Unfair labor practice cases involve charges alleging that the conduct of an employer and/or a union constitute conduct proscribed by the Educational Labor Relations Act. Charges may be filed by an employer, an individual, or a labor organization. Once a charge has been filed, it is assigned to an investigator. Upon conclusion of the investigation, the Executive Director can either dismiss the charge or issue a complaint and set the matter for hearing if a voluntary settlement has not been reached by the parties.

The following unfair labor practice case statistics were furnished by Board personnel and are not examined:

<u>Cases processed</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Unfair Labor Practice Charge Against Employer	119	122	108
Unfair Labor Practice Charge Against Union	42	33	31
Unfair Labor Practice Charge Contesting Fair Share Fee	<u>196</u>	<u>199</u>	<u>218</u>
Total Cases Processed	<u>357</u>	<u>354</u>	<u>357</u>

STATE OF ILLINOIS
EDUCATIONAL LABOR RELATIONS BOARD
ANALYSIS OF OPERATIONS

SERVICE EFFORTS AND ACCOMPLISHMENTS (NOT EXAMINED) (CONTINUED)

Unfair Labor Practice Cases (Continued)

	<u>2005</u>	<u>2004</u>	<u>2003</u>
<u>Disposition of Cases</u>			
Withdrawn Pursuant to Settlement			
Agreement	128	162	99
Settlement Agreement	0	0	0
Withdrawn	47	50	32
Executive Director's Recommended			
Decision and Order	4	24	8
Other	0	1	0
Pending	<u>178</u>	<u>117</u>	<u>218</u>
Total Cases Processed	<u><u>357</u></u>	<u><u>354</u></u>	<u><u>357</u></u>
 <u>Average Cost Per Case Processed</u>			
Representation Cases	133	89	95
Unfair Labor Practice Cases	<u>357</u>	<u>354</u>	<u>357</u>
Total Representation and Unfair Labor Practice Cases	<u><u>490</u></u>	<u><u>443</u></u>	<u><u>452</u></u>
 Total Expenditures	 <u><u>\$1,231,435</u></u>	 <u><u>\$1,319,649</u></u>	 <u><u>\$1,657,916</u></u>
 Average Expenditure per Case	 <u><u>\$2,513</u></u>	 <u><u>\$2,979</u></u>	 <u><u>\$3,668</u></u>