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**STATE OF ILLINOIS  
LABOR RELATIONS BOARD**

**COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2011**

**Performed as Special Assistant Auditors  
For the Auditor General, State of Illinois**

**STATE OF ILLINOIS**  
**LABOR RELATIONS BOARD**

**COMPLIANCE EXAMINATION**

**For the Two Years Ended June 30, 2011**

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**AGENCY OFFICIALS**

**LABOR RELATIONS BOARD**

Director

Mr. John Brosnan

Fiscal Officer

Ms. Nicole Hildebrand

Legal Counsel

Mr. Jerald Post

Agency offices are located at:

1 Natural Resources Way  
1<sup>st</sup> Floor  
Springfield, IL 62702

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



# Illinois Labor Relations Board

January 26, 2012

Washington, Pittman & McKeever, LLC  
819 S. Wabash, Suite 600  
Chicago, Illinois 60605

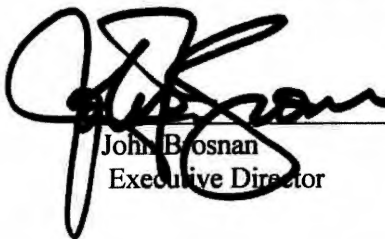
Ladies and Gentlemen:

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 Agency. We are responsible for and we have established and maintained an effective system of, internal controls over compliance requirements. We have performed an evaluation of the Agency's compliance with the following assertions during the two-year period ended June 30, 2011. Based on this evaluation, we assert that during the years ended June 30, 2010 and June 30, 2011, the Agency has materially complied with the assertions below.

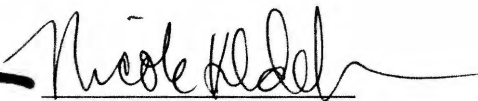
- A. The agency has obligated, expended, received and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The agency has obligated, expended, received and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The agency has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the agency are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the agency on behalf of the State or held in trust by the agency have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

Yours very truly,

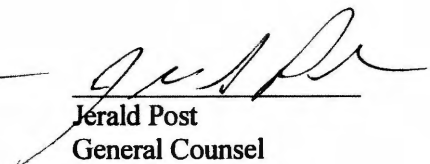
Illinois Labor Relations Board



John Brosnan  
Executive Director



Nicole Hildebrand  
Fiscal Officer



Jerald Post  
General Counsel

## COMPLIANCE REPORT

### SUMMARY

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

### ACCOUNTANTS' 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>Current</u>	<u>Prior</u>
Findings	Report	Report
	6	8
Repeated findings	5	7
Prior recommendations implemented or not repeated	3	4

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

### SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
<b>FINDINGS (STATE COMPLIANCE)</b>			
11-1	8	Inadequate Controls over the Recording and Reporting of State Property	Significant Deficiency and Noncompliance
11-2	10	Inadequate Support for and Untimely Deposit of Receipt Transactions	Significant Deficiency and Noncompliance
11-3	11	Inadequate Segregation of Duties	Significant Deficiency and Noncompliance
11-4	12	Inadequate Procedures over Employee Evaluations	Significant Deficiency and Noncompliance
11-5	14	Noncompliance with the Illinois Public Labor Relations Act	Significant Deficiency and Noncompliance
11-6	16	Noncompliance with the Illinois Police Training Act	Significant Deficiency and Noncompliance

**SCHEDULE OF FINDINGS (Continued)**

**EXIT CONFERENCE**

The Illinois Labor Relations Board waived having an exit conference in correspondence dated January 6, 2012. Responses to the recommendations were provided by Nicole Hildebrand, Fiscal Officer, in correspondence dated January 24, 2012.

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**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**

As Special Assistant Auditors for the Auditor General, we have examined the State of Illinois, Labor Relations Board's compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the two years ended June 30, 2011. The management of the State of Illinois, Labor Relations Board is responsible for compliance with these requirements. Our responsibility is to express an opinion on the State of Illinois, Labor Relations Board's compliance based on our examination.

- A. The State of Illinois, Labor Relations 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 State of Illinois, Labor Relations 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 State of Illinois, Labor Relations 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. State revenues and receipts collected by the State of Illinois, Labor Relations 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 State of Illinois, Labor Relations Board on behalf of the State or held in trust by the State of Illinois, Labor Relations Board have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the Audit Guide as adopted by the Auditor General pursuant to the Act; and, accordingly, included examining, on a test basis, evidence about the State of Illinois, Labor Relations Board's compliance with those requirements listed in the first paragraph of this report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the State of Illinois, Labor Relations Board's compliance with specified requirements.

In our opinion, the State of Illinois, Labor Relations Board complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the two years ended June 30, 2011. However, the results of our procedures disclosed instances of noncompliance with the requirements, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of findings as items 11-1 through 11-6.

### **Internal Control**

Management of the State of Illinois, Labor Relations Board is responsible for establishing and maintaining effective internal control over compliance with the requirements listed in the first paragraph of this report. In planning and performing our examination, we considered the State of Illinois, Labor Relations Board's internal control over compliance with the requirements listed in the first paragraph of this report as a basis for designing our examination procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide, issued by the Illinois Office of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Illinois, Labor Relations Board's internal control over compliance.

*A deficiency in an entity's internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the requirements listed in the first paragraph of this report on a timely basis. *A material weakness over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a requirement listed in the first paragraph of this report will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we considered to be significant deficiencies as described in the accompanying schedule of findings as items 11-1 through 11-6. *A significant deficiency in an entity's internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a



material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The State of Illinois, Labor Relations Board's responses to the findings identified in our examination are described in the accompanying schedule of findings and questioned costs. We did not examine State of Illinois, Labor Relations Board's responses and, accordingly, we express no opinion on the responses.

**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 2011 and 2010 Supplementary Information for State Compliance Purposes, except for 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 2009 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, agency management, and the governing board and is not intended to be and should not be used by anyone other than these specified parties.

*Washington, Pittman & McKeever, LLC*

**WASHINGTON, PITTMAN & McKEEVER, LLC**

**Chicago, Illinois  
January 26, 2012**

**STATE OF ILLINOIS**  
**LABOR RELATIONS BOARD**

**SCHEDULE OF FINDINGS**

**For the Two Years Ended June 30, 2011**

11-1 **FINDING** (Inadequate controls over the recording and reporting of state property)

The Illinois Labor Relations Board (Board) did not maintain sufficient controls over the recording and reporting of State property. We noted the following:

- Two (2) of eight (8) (25%) Quarterly Reports of State Property (C-15's) prepared by the Board and submitted to the Illinois Office of the Comptroller (IOC) did not accurately reflect Board equipment transactions. The fiscal year 2010 additions were overstated by a total of \$9,519. The 2010 additions included two (2) operating leases totaling \$10,224 and understated one (1) addition by \$705. Board personnel stated the C-15 report is prepared from the Board's inventory listing and errors made to the listing were carried over to the C-15 quarterly reports.

Statewide Accounting Management System (SAMS) (Procedure 29.20.10) states all additions, deletions and transfers to each asset category should be entered for the quarter being reported.

- The Board did not maintain an accurate property listing. We noted the following:
  - Seven (7) of twenty-five (25) (28%) additions tested were temporarily transferred out and back into the Board without supporting documentation. Board personnel stated they were not aware that a temporary transfer form was needed.
  - The Board's inventory listing included two (2) items totaling \$10,225 which are under an operating lease and not State property. Board personnel was under the impression that all property was State property, regardless of the purchasing method.
  - One (1) voucher tested was not properly included in the inventory listing as the amount was understated by \$705. Board personnel stated this was due to oversight.

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

During the prior engagement, the Board also had the following deficiencies: 1) reported equipment on the C-15's to the IOC from 89 to 2,921 days late; 2) did not maintain a complete record of additions and deletions that occurred during the period; 3) filed one of the eight C-15 reports 4 days late; 4) filed one of two Certifications of Inventory with the Department of Central Management Services (DCMS) 35 days late; and 5) did not timely file the fiscal year 2008 Annual Real Property Utilization Report with DCMS. During the current examination, we noted the Board took steps to correct the prior deficiencies noted.

Failure to maintain accurate property control records increases the potential for fraud and possible loss or theft of State property. In addition, inaccurate property reporting reduces the reliability of Statewide capital asset information. (Finding Code No. 11-1, 09-1, 07-2, 07-3, 05-4)

**STATE OF ILLINOIS**  
**LABOR RELATIONS BOARD**

**SCHEDULE OF FINDINGS**

**For the Two Years Ended June 30, 2011**

**RECOMMENDATION**

We recommend the Board strengthen controls over the recording and reporting of State property by reviewing their inventory and recordkeeping practices to ensure compliance with statutory and regulatory requirements. We also recommend the Board thoroughly review all reports prepared from internal records for completeness and accuracy before submission to the Department of Central Management Services when transferring out equipment items. In addition, we recommend the Board ensure all equipment is accurately and timely recorded on the Department's property records and properly tagged.

**BOARD RESPONSE**

The Board accepts the finding and recommendations. The agency will review its processes to ensure compliance with the recommendations.

**STATE OF ILLINOIS**  
**LABOR RELATIONS BOARD**

**SCHEDULE OF FINDINGS**

**For the Two Years Ended June 30, 2011**

11-2 **FINDING** (Inadequate support for and untimely deposit of receipt transactions)

The Illinois Labor Relations Board (Board) did not have adequate controls over the deposit of receipts.

During our testing, we noted:

- Five (5) of nineteen (19), (26%) receipts tested, totaling \$68, were not deposited in a timely manner. The receipts were submitted 3 to 8 days late.

The State Officers and Employees Money Disposition Act (Act) (30 ILCS 230/2) requires each State agency to deposit into the State treasury cumulative receipts valued up to \$500 on the next first or fifteenth day of the month after receipt.

- Four (4) of nineteen (19), (21%) receipts and corresponding Treasurer's Drafts tested, totaling \$107, were not submitted to the Office of the Comptroller (Comptroller) within 30 days, which is considered a reasonable time frame. The Treasurer's Drafts were submitted between 18 and 54 days late.

Statewide Accounting Management System (SAMS) (Procedure 25.10.30) requires Treasurer's Drafts be remitted to the Comptroller. Good internal controls require deposits to be processed timely to increase the balance of funds available for expenditure. The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal controls to provide assurance resources are utilized effectively and efficiently.

Board personnel stated that the late deposits and submissions were due to oversight of the fiscal department.

Untimely deposit of receipts reduces the amount of money available to pay current costs. Untimely submittal of Treasurer's Drafts to the Comptroller reduces the amount available on which interest could be earned. (Finding Code No. 11-2, 09-4, 07-8)

**RECOMMENDATION**

We recommend the Board comply with the State Officers and Employees Money Disposition Act by making timely deposits into the State Treasury. In addition, the Board should submit Treasurer's Drafts to the Comptroller in a timely manner.

**BOARD RESPONSE**

The Board accepts the finding and recommendations. The agency will review its processes to ensure compliance with the recommendations.

**STATE OF ILLINOIS**  
**LABOR RELATIONS BOARD**

**SCHEDULE OF FINDINGS**

**For the Two Years Ended June 30, 2011**

11-3 **FINDING** (Inadequate segregation of duties)

The Illinois Labor Relations Board (Board) had inadequate segregation of duties in the areas of revenue and expenditure control. We noted the following:

- One person had authority to perform procurement functions, prepare and approve vouchers, maintain accounting records and perform monthly expenditure reconciliations.
- One person had authority to prepare payroll, approve payroll and distribute payroll stubs.

Good business practices require the Board maintain adequate segregation of duties in order to help ensure the safeguarding of assets, prevent improper expenditures, and ensure the accuracy and reliability of accounting data. The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls.

Board personnel stated the lack of segregation of duties was due to the limited number of staff. Board personnel also stated they implemented some additional review procedures to compensate for some of the segregation of duties problems noted. However, these additional review procedures were not consistently documented in the Board's records.

A lack of adequate segregation of duties increases the likelihood that a loss from errors or irregularities could occur and would not be found in the normal course of employees carrying out their assigned duties.

During the prior examination, we noted, as part of the inadequate segregation of duties in payroll, the same person had the ability to make adjustments to payroll, in addition to preparing and approving payroll and distributing payroll stubs. During the current examination, however, the Board implemented a procedure requiring any adjustments to payroll first be approved in writing by either the Executive Director or personnel manager prior to data entry. (Finding Code No. 11-3, 09-5, 07-9)

**RECOMMENDATION**

We recommend the Board maintain an effective internal control over the record keeping and accounting duties concerned with revenue and expenditure control.

**BOARD RESPONSE**

The agency will reexamine its internal controls and continue to research ways to segregate the above-cited duties.

**STATE OF ILLINOIS**  
**LABOR RELATIONS BOARD**

**SCHEDULE OF FINDINGS**

**For the Two Years Ended June 30, 2011**

11-4 **FINDING** (Inadequate procedures over employee evaluations)

The Illinois Labor Relations Board (Board) did not submit employee performance evaluations in a timely manner in accordance with Illinois Labor Relations Board Personnel and Policy Manual.

During our test of personnel evaluations, we noted the following:

- Two (2) of six (6) (33%) of the performance evaluations tested for fiscal year 2011 were not submitted timely to Human Resources. These evaluations were submitted one hundred sixty four (164) to two hundred ninety seven (297) working days late.
- Three (3) of three (3) (100%) probationary evaluations tested for the two years were not submitted timely to Human Resources. These evaluations were submitted six (6) to one hundred seventy seven (177) working days late.

Per the Illinois Labor Relations Board Personnel and Policy Manual, Chapter 2, Section I, participation in the evaluation process is a requirement for all Illinois Labor Relations employees. Evaluations shall be done every 12 months, unless otherwise specified under the CMS Personnel Rules. Furthermore, for any employee serving a six month probationary period, the Illinois Administrative Code (80 IL Adm Code 302.270) requires the agency prepare and submit to the Department (CMS) two evaluations, one at the end of the third month of the employee's probationary period and another 15 days before the conclusion thereof.

Board personnel stated the late evaluations were due to oversight and competing priorities.

Performance evaluations are a systematic and uniform approach used for the development of employees and communication of performance expectations to employees. Performance evaluations should serve as a foundation for salary adjustments, promotion, demotion, discharge, lay off, recall and reinstatement decisions. It should also be the basis for recognizing contributions and/or identifying weaknesses of employees in the achievement of the Board's mission and goals, in providing prompt and dependable service, and strengthening the employee-supervisor relationship. Failure to ensure all personnel evaluations are submitted timely to Human Resources interferes with the Agency's personnel decision process. (Finding Code No. 11-4)

**RECOMMENDATION**

We recommend the Board establish monitoring and review procedures to ensure performance evaluations are completed and submitted to Human Resources on a timely basis.

**STATE OF ILLINOIS**  
**LABOR RELATIONS BOARD**

**SCHEDULE OF FINDINGS**

**For the Two Years Ended June 30, 2011**

**BOARD RESPONSE**

The agency will endeavor to ensure its procedures to perform evaluations in a timely manner are followed.

**STATE OF ILLINOIS**  
**LABOR RELATIONS BOARD**

**SCHEDULE OF FINDINGS**

**For the Two Years Ended June 30, 2011**

11-5 **FINDING** (Noncompliance with the Illinois Public Labor Relations Act)

The Illinois Labor Relations Board (Board) failed to comply with various provisions of the Illinois Public Labor Relations Act (Act). We noted the following:

- The Board did not 1) monitor billings of and payments to mediators, to ensure parties have paid mediators equally; 2) promulgate regulations setting compensation levels for members of the Roster; and 3) establish procedures for the suspension or dismissal of mediators for good cause following hearing as required by the Act.

The Act (5 ILCS 315/12(a)) requires 1) mediators be paid equally by the parties of a mediated labor dispute; 2) the Board shall have authority to promulgate regulations setting compensation levels for members of the Roster; and 3) the Board shall have the authority to establish procedures for suspension or dismissal of mediators for good cause shown following hearing.

Board personnel stated noncompliance is due to lack of sufficient resources.

- During our testing of twenty-five (25) cases, we noted fourteen (14) (56%) instances where the parties failed to notify the Board of their selection for neutral chairman as required by the Act. The Board established an informal extension process, whereby four (4) of the fourteen (14) parties agreed on a neutral chairman within the extension period. Furthermore, the Board failed to appoint a neutral chairman when the other parties involved did not agree upon one in a timely manner.

The Act (5 ILCS 315/14(c)) requires the Board to appoint a neutral chairman from the Illinois Public Employees Mediation/Arbitration Roster if the parties fail to notify the Board in a timely manner of their selection for neutral chairman.

Board personnel stated the Board implemented new procedures and was met with resistance from some parties.

Failure to comply with all the provisions of the Act is noncompliance with a statutory mandate. (Finding Code No. 11-5, 09-7, 07-11)



**STATE OF ILLINOIS**  
**LABOR RELATIONS BOARD**

**SCHEDULE OF FINDINGS**

**For the Two Years Ended June 30, 2011**

**RECOMMENDATION**

We recommend the Board either comply with the Act as written or seek legislative changes to the Act.

**BOARD RESPONSE**

The agency accepts the recommendation and will investigate its options to ensure it is in compliance with the Act.

**STATE OF ILLINOIS**  
**LABOR RELATIONS BOARD**

**SCHEDULE OF FINDINGS**

**For the Two Years Ended June 30, 2011**

11-6 **FINDING** (Noncompliance with the Illinois Police Training Act)

The Illinois Labor Relations Board (Board) did not prepare and submit reports as required by the Illinois Police Training Act (Act).

The Act (50 ILCS 705/6.1(r)) requires the Executive Director of the Board to prepare and submit semi-annual reports to the Governor, President of the Senate, Minority Leader of the Senate, Speaker of the House, and Minority Leader of the House details of the Board's activities with respect to the Act, including:

- The number of verified complaints received since the date of the last report;
- The number of investigations initiated since the date of the last report;
- The number of investigations concluded since the date of the last report;
- The number of investigations pending as of the reporting date;
- The number of hearings held since the date of the last report; and
- The number of officers decertified since the date of the last report.

However, we noted the Board did not prepare or submit such reports during the examination period as required.

Board personnel stated oversight due to competing priorities.

Failure to prepare and submit the required reports reduces the quantity of information available to government leaders for oversight purposes and is noncompliance with a statutory mandate. (Finding Code No. 11-6, 09-8)

**RECOMMENDATION**

We recommend the Board comply with the Act by preparing and submitting the semi-annual reports as required.

**BOARD RESPONSE**

Upon notification from the auditors of noncompliance, the agency responded by submitting, on December 20, 2011, a cumulative report bringing its reporting status current to June 30, 2011. On January 3, 2012, the agency submitted its report for the period of time from July 1, 2011 to December 31, 2011, making its reporting status current as of that date. The agency will continue to ensure it fulfills its obligations in this regard henceforth.

**STATE OF ILLINOIS**  
**LABOR RELATIONS BOARD**

**PRIOR FINDINGS NOT REPEATED**

**For the Two Years Ended June 30, 2011**

**PRIOR FINDINGS NOT REPEATED**

A. **FINDING** (Travel processing weaknesses)

During the prior examination, the Illinois Labor Relations Board (Board) did not maintain adequate controls over travel.

During the current examination, the Board strengthened its controls over travel. (Finding Code No. 09-2, 07-5)

B. **FINDING** (Inadequate controls over accumulated leave records, leave requests and final termination pay)

During the prior examination, the Illinois Labor Relations Board (Board) did not exercise adequate control over employee accumulated benefit time records, requests for use of employee benefit time, and employee final termination.

During the current examination, the Board strengthened its controls over employee accumulated benefit time records, requests for use of employee benefit time and employee final termination. However we noted one matter which was reported as immaterial finding IM 11-1. (Finding Code No. 09-3)

C. **FINDING** (Inadequate controls over contractual agreements)

During the prior examination, the Illinois Labor Relations Board (Board) did not exercise adequate control over its contractual agreements, Contract Obligation Documents (CODs), and related documentation.

During the current examination, the Board strengthened its controls over its contractual agreements, CODs, and related documentation. (Finding Code No. 09-6)

**STATE OF ILLINOIS**  
**LABOR RELATIONS BOARD**

**COMPLIANCE EXAMINATION**

**For the Two Years Ended June 30, 2011**

**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 Changes in State Property
  - Comparative Schedule of Cash Receipts
  - Reconciliation Schedule of Cash Receipts to Deposits Remitted to the State Comptroller
  - Analysis of Significant Variations in Expenditures
  - Analysis of Significant Variations in Cash Receipts
  - 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 accountants' report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states the auditors have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General, except for information on the Service Efforts and Accomplishments on which they did not perform any procedures. However, the accountants do not express an opinion on the supplementary information.

**STATE OF ILLINOIS**  
**LABOR RELATIONS BOARD**  
**SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES**  
 Appropriations for Fiscal Year 2011

Fourteen Months Ended August 31, 2011

P.A. 96-0956, 96-0959 FISCAL YEAR 2011	Appropriations (Net After Transfers)	Expenditures Through 6/30/2011	Approximate Lapse Period Expenditures 7/01 - 8/31/2011	Approximate Total Expenditures	Approximate Balances Lapsed
<b>General Revenue Fund - 001</b>					
Personal Services	\$ -	\$ -	\$ -	\$ -	\$ -
State Contributions to Social Security	-	-	-	-	-
Lump Sum: Operational Expenses	<u>1,644,500</u>	<u>1,466,904</u>	<u>53,369</u>	<u>1,520,273</u>	<u>124,227</u>
<b>Total General Revenue Fund</b>	<b><u>\$ 1,644,500</u></b>	<b><u>\$ 1,466,904</u></b>	<b><u>\$ 53,369</u></b>	<b><u>\$ 1,520,273</u></b>	<b><u>\$ 124,227</u></b>

Note 1: Appropriations, expenditures, and lapsed balances were obtained from Board records and have been reconciled to records of the State Comptroller.

Note 2: Expenditure amounts are vouchers approved for payment by the Board and submitted to the State Comptroller for payment to the vendor.

Note 3: Approximate lapse period expenditures do not include interest payments approved for payment by the Board and submitted to the Comptroller for payment after August.

**STATE OF ILLINOIS**  
**LABOR RELATIONS BOARD**  
**SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES**

Appropriations for Fiscal Year 2010

Fourteen Months Ended August 31, 2010

P.A. 96-0042, 96-0045 FISCAL YEAR 2010	Appropriations (Net After Transfers)	Expenditures Through 6/30/2010	Lapse Period Expenditures 7/01 - 8/31/2010	Total Expenditures	Balances Lapsed
<b>General Revenue Fund - 001</b>					
Personal Services	\$ 1,187,700	\$ 1,081,929	\$ 0	\$ 1,081,929	\$ 105,771
State Contributions to Social Security	90,900	78,863	0	78,863	12,037
Lump Sum: Operational Expenses	<u>565,900</u>	<u>231,134</u>	<u>53,676</u>	<u>284,810</u>	<u>281,090</u>
<b>Total General Revenue Fund</b>	<b><u>\$ 1,844,500</u></b>	<b><u>\$ 1,391,926</u></b>	<b><u>\$ 53,676</u></b>	<b><u>\$ 1,445,602</u></b>	<b><u>\$ 398,898</u></b>

Note 1: Appropriations, expenditures, and lapsed balances were obtained from Board records and have been reconciled to records of the State Comptroller.

Note 2: Expenditure amounts are vouchers approved for payment by the Board and submitted to the State Comptroller for payment of the vendor.

**STATE OF ILLINOIS**  
**LABOR RELATIONS BOARD**  
**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES**

	FISCAL YEAR		
	2011	2010	2009
	P.A. 96-0956 P.A. 96-0959	P.A. 96-0042 P.A. 96-0045	P.A. 95-0733
<u>GENERAL REVENUE FUND - 001</u>			
Appropriations (Net after Transfers)	\$ 1,644,500	\$ 1,844,500	\$ 1,900,000
<u>Expenditures</u>			
Personal Services	\$ 0	\$ 1,081,929	\$ 1,198,910
State Contributions to State Employees' Retirement System	0	0	252,492
State Contributions to Social Security	0	78,863	87,887
Contractual Services	0	0	108,960
Travel	0	0	16,339
Commodities	0	0	4,412
Printing	0	0	3,891
Equipment	0	0	1,057
Electronic Data Processing	0	0	56,384
Telecommunications	0	0	36,852
Lump Sum: Operational Expenses	1,520,273	284,810	0
Total Expenditures	\$ 1,520,273	\$ 1,445,602	\$ 1,767,184
Lapsed Balances	\$ 124,227	\$ 398,898	\$ 132,816
Salaries paid from the Comptroller's Executive Salary Appropriation:			
Board Chairman	\$ 99,560	\$ 103,667	\$ 104,358
Four State Panel Board Members	358,430	376,626	375,082
Two Local Panel Board Members	179,215	187,852	187,852
Total Expenditures from Comptroller's Executive Salaries Appropriation	\$ 637,205	\$ 668,145	\$ 667,292

Note 1: Fiscal year 2010 amounts are final and include interest payments made after August.

Note 2: Fiscal year 2011 expenditures and related lapsed balances do not reflect any interest payments approved for payment by the Board and submitted to the Comptroller for payment after August.

**STATE OF ILLINOIS**  
**LABOR RELATIONS BOARD**

**SCHEDULE OF CHANGES IN STATE PROPERTY**

**For the Two Years Ended June 30, 2011**

	<u>Equipment</u>
Balance at July 1, 2009	\$ 161,752
Additions	42,467
Deletions	(943)
Net Transfers	<u>0</u>
Balance at June 30, 2010	<u>\$ 203,276</u>
Balance at July 1, 2010	\$ 203,276
Additions	3,168
Deletions	(8,977)
Net Transfers	<u>0</u>
Balance at June 30, 2011	<u>\$ 197,467</u>

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



**STATE OF ILLINOIS**  
**LABOR RELATIONS BOARD**

**COMPARATIVE SCHEDULE OF CASH RECEIPTS**

**For the Two Years Ended June 30, 2011**

<u>General Revenue Fund (001)</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Copies	\$ 169	\$ 899	\$ 1,287
Miscellaneous	<u>0</u>	<u>84</u>	<u>0</u>
Total General Revenue Fund	<u>\$ 169</u>	<u>\$ 983</u>	<u>\$ 1,287</u>

**STATE OF ILLINOIS**  
**LABOR RELATIONS BOARD**

**RECONCILIATION SCHEDULE OF CASH RECEIPTS TO**  
**DEPOSITS REMITTED TO STATE COMPTROLLER**

**For the Two Years Ended June 30, 2011**

<u>General Revenue Fund (001)</u>	<u>2011</u>	<u>2010</u>
Receipts per Department Records	\$ 169	\$ 983
Add: Deposits in Transit, Beginning of Year	0	0
Less: Deposits in Transit, End of Year	<u>0</u>	<u>0</u>
Deposits Recorded by the Comptroller	<u><u>\$ 169</u></u>	<u><u>\$ 983</u></u>

**STATE OF ILLINOIS**  
**LABOR RELATIONS BOARD**

**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES**

**For the Two Years Ended June 30, 2011**

**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2010 AND 2011**

Variations in expenditures were considered significant if differences were greater than 20% and \$2,000.

**General Revenue Fund (001)**

*Personal Services*

*State Contributions to Social Security* - The decrease was due to payments made from the operational lump sum appropriation given in fiscal year 2011. In fiscal year 2010, these expenditures were paid separately from its respective line item within the General Revenue Fund.

*Lump Sum* – The increase was due to personal services and state contributions to social security payments made from the operational lump sum appropriation given in fiscal year 2011. In the prior year, these expenditures were paid separately from its respective line item within the General Revenue Fund.

**STATE OF ILLINOIS**  
**LABOR RELATIONS BOARD**

**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES**

**For the Two Years Ended June 30, 2011**

**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2009 AND 2010**

Variations in expenditures were considered significant if differences were greater than 20% and \$2,000.

**General Revenue Fund (001)**

*Personal Services* – the decrease was due to the employee furlough requirement as well as one employee retiring and another employee being laid off.

*State Contributions to State Employees' Retirement System* – the decrease is due to the General Assembly establishing a different method of paying the retirement costs which no longer passes the funds through the Board's appropriation.

*State Contributions to Social Security* - the decrease was due to the employee furlough requirement as well as one employee retiring and another employee being laid off.

*Contractual Services*

*Travel*

*Commodities*

*Printing*

*Electronic Data Processing*

*Telecommunications* - The decrease was due to payments made from the operational lump sum appropriation given in fiscal year 2010. In the prior year, the expenditures were paid from each respective line item within the General Revenue Fund.

*Lump Sum* – The increase was due to payments made from the operational lump sum appropriation given in fiscal year 2010. In the prior year, these expenditures were paid separately from its respective line item within the General Revenue Fund.

**STATE OF ILLINOIS**  
**LABOR RELATIONS BOARD**

**ANALYSIS OF SIGNIFICANT VARIATIONS IN CASH RECEIPTS**

**For the Two Years Ended June 30, 2011**

The Board receives minimal receipts. The majority of the Board's receipts are for copy fees which vary from year to year.

**STATE OF ILLINOIS**  
**LABOR RELATIONS BOARD**

**ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING**

**For the Two Years Ended June 30, 2011**

**FISCAL YEAR 2011**

**General Revenue Fund (001)**

*Lump Sum* – The significant lapse period expenditures consist of \$10,000 for an independent contractor whose services were completed prior to June 30, but not processed until lapse period, approximately \$11,700 of EDP equipment purchases, \$8,500 in court reporting costs and \$8,500 in facility utilities and telephone expenses. The remaining expenses represent miscellaneous office supplies.

**FISCAL YEAR 2010**

**General Revenue Fund (001)**

*Lump Sum* – The significant lapse period expenditures consist of \$20,000 for independent contractors whose services were completed prior to June 30, but not processed until lapse period, approximately \$12,500 in facility utility and telephone expenses and \$5,300 in court reporting costs. The remaining expenses represent miscellaneous office supplies.

**STATE OF ILLINOIS**  
**LABOR RELATIONS BOARD**

**ANALYSIS OF OPERATIONS**

**For the Two Years Ended June 30, 2011**

**AGENCY FUNCTIONS AND PLANNING PROGRAM**

**FUNCTIONS**

The Illinois Public Labor Relations Act (5 ILCS 315), enacted into law as Public Act 83-1012, effective July 1, 1984, and amended effective January 1, 1987, created both the State Labor Relations Board and the Local Labor Relations Board. On July 9, 2000, the Illinois State Labor Relations Board and the Illinois Local Labor Relations Board were dissolved in accordance with an amendatory act of the 91<sup>st</sup> General Assembly. Per the provisions of the dissolution, all powers, duties, rights, property and obligations succeeded to the Local and State Panels, thereby collectively referred to in all respects as the Illinois Labor Relations Board (Board). The fiscal operations and appropriations of both were consolidated.

The Illinois Public Labor Relations Act sets forth the rules, regulations, and procedures for labor relations and collective bargaining between public employers and employees in Illinois. The Act regulates the designation of employee representatives; the negotiation of wages, hours, and other conditions of employment; and the resolution of disputes arising under collective bargaining comprised of persons experienced in labor relations, to expeditiously and fairly resolve disputes between public employees and employers. The Board is also responsible for determining whether to decertify police officers based on the commission of perjury in a murder case pursuant to Section 6.1 of the Illinois Police Training Act, 50 ILCS 705/6.1 (2004), as amended.

The State Panel consists of a chairman and four members who are appointed by the Governor with the advice and consent of the Senate. Two new members were appointed during the examination period. The members as of June 30, 2011 were:

- Jacalyn J. Zimmerman, Chairman
- Mike Hade, Member
- Michael Coli, Member
- Albert Washington, Member
- Jessica Kimbrough, Member

The Local Panel consists of the chairman and two additional members, one appointed by the Mayor of the City of Chicago and one appointed by the President of the Cook County Board of Commissioners. One new member was appointed during the examination period. The members as of June 30, 2011 were:

- Jacalyn J. Zimmerman, Chairman
- Charles Anderson, Member
- Edward Sadlowski, Member

**STATE OF ILLINOIS**  
**LABOR RELATIONS BOARD**

**ANALYSIS OF OPERATIONS**

**For the Two Years Ended June 30, 2011**

**PLANNING PROGRAM**

The Board does not have a formal planning program; however, the Board does meet often and discusses short and long-term planning at the meetings. The overall goal of the Board is to resolve cases promptly, accurately, and equitably. The major determinant in the planning process is the annual budget, which is prepared by the fiscal officer, with advice and input from the Executive Director.

Due to the number of labor cases, emphasis has been on streamlining the Board process for resolving cases. All Board personnel are involved in seeking problem areas that slow the hearing process, and in turn, personnel look for ways to improve the problem areas. The Board reviews and monitors its planning program in conjunction with the annual budget preparation and when evaluating its performance measures. Since the number of cases that will be assigned to them each year is difficult to predict, planning beyond short term is difficult.



**STATE OF ILLINOIS**  
**LABOR RELATIONS BOARD**

**ANALYSIS OF OPERATIONS**

**For the Two Years Ended June 30, 2011**

**AVERAGE NUMBER OF EMPLOYEES**

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

<u>Division</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Executive Director	1	1	1
Technical Advisors	10	9	7
Investigators and Supervisors	3	3	4
Administrative and Clerical	6	7	8
Total average full-time employees	<u>20</u>	<u>20</u>	<u>20</u>
Paid from Comptroller's Executive Salaries Appropriation			
Board Chairman	1	1	1
Board Members	6	6	6
Total average Board members	<u>7</u>	<u>7</u>	<u>7</u>

**STATE OF ILLINOIS**  
**LABOR RELATIONS BOARD**

**ANALYSIS OF OPERATIONS**

**For the Two Years Ended June 30, 2011**

**SERVICE EFFORTS AND ACCOMPLISHMENTS (NOT EXAMINED)**

The Illinois Public Labor Relations Act (Act) (5 ILCS 315) created a process whereby two general types of cases are filed: representation cases (RC, RM, VR, RD, UC, DD, and AC case categories) which determine what union, if any, will represent employees in specified bargaining units, and unfair labor practice charges (CA's & CB's) regarding wrongful conduct by employers and unions. The process is controlled by three programs: the investigative program, the administrative hearings program and by final decisions of the Board and General Counsel.

Generally, cases filed in the last quarter and some complex cases filed in prior fiscal years will carry over into the current fiscal year. Therefore, transactions occurring in the current fiscal year may reflect both pending cases (filed in previous fiscal years) as well as cases filed in the current fiscal year.

**Representation Cases**

Representation petitions under the Board's procedures are determined through an election process that results in certifying the prevailing union, if any, for a specified collective bargaining unit. Sometimes questions of representation must first be resolved through the hearing process which ends in an Administrative Law Judge's Recommended Decision or Board Order. Additionally, the Executive Director will occasionally issue an Order Directing an Election after resolving certain issues or dismiss the petition if it is untimely.

The following types of petitions initiate representation proceedings before the Board:

1. Representation/Certification Petitions (RC cases) are filed by an employee, group of employees, or a labor organization seeking the certification of an exclusive bargaining representative for employees in an appropriate unit.
2. Employer's Representation Petitions (RM cases) are filed by an employer alleging that one or more labor organizations have presented a claim to be recognized as an exclusive collective bargaining representative for a majority of the employees in an appropriate unit.
3. Voluntary Recognition Petitions (VR cases) are requests for certification of a unit without an election where the labor organization demonstrates it has a majority showing of interest in an appropriate unit and the employer voluntarily recognizes them as the unit's exclusive representative.

**STATE OF ILLINOIS**  
**LABOR RELATIONS BOARD**

**ANALYSIS OF OPERATIONS**

**For the Two Years Ended June 30, 2011**

**SERVICE EFFORTS AND ACCOMPLISHMENTS (NOT EXAMINED), CONTINUED**

4. Decertification Petitions (RD cases) seek a determination as to whether a majority of the employees in an appropriate bargaining unit maintain their desire to be represented by the existing exclusive bargaining representative.
5. Unit Clarification Petitions (UC cases) are filed by an exclusive collective bargaining representative or an employer seeking to clarify or amend an existing bargaining unit through the addition or deletion of a position without an election.
6. Petitions to Amend Certification (AC cases) are filed by an exclusive collective bargaining representative seeking to amend its certification whenever there is a change in its name or structure.
7. Declaration of Disinterest Petitions (DD cases) are filed by the labor organization to declare its disinterest in further representation of that bargaining unit.

The following caseload statistics were furnished by the Board and have not been examined.

<b>Various Types of Representation Cases Filed</b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>
RC Representation/Certification Petition	145	241	215
RM Employer's Representation Petition	0	0	0
VR Voluntarily Recognition Petition	6	6	10
RD Decertification Petition	12	12	6
UC Unit Clarification Petition	112	158	163
AC Petition to Amend Certification	41	24	11
DD Declaration of Disinterest Petition	<u>19</u>	<u>11</u>	<u>2</u>
Total Representation Cases Filed	<u>335</u>	<u>452</u>	<u>407</u>

**Declaratory Rulings**

Employer and labor organizations may also request the Board's General Counsel to issue a declaratory ruling (DR) stating whether the Act requires bargaining over a particular subject or subjects. Such requests must be made jointly, unless it involves a protective services employee unit where a request for interest arbitration has been made.

**STATE OF ILLINOIS**  
**LABOR RELATIONS BOARD**

**ANALYSIS OF OPERATIONS**

**For the Two Years Ended June 30, 2011**

**SERVICE EFFORTS AND ACCOMPLISHMENTS (NOT EXAMINED), CONTINUED**

**Mediation Cases**

The investigative staff and attorneys mediate and advise parties on all unfair labor practice charges both during the investigation and just before the commencement of a hearing. These discussions, many times, will result in the resolution of the dispute and the withdrawal of the charge. The success of mediating cases can be shown in the percentage of cases that parties withdraw. The overall process discourages strikes and other labor unrest.

Additionally, the Board provides Mediation/Arbitration (MA cases) services to parties who have reached an impasse in collective bargaining. The Board maintains a roster of mediators and arbitrators from which panels are provided to parties requesting such services. The Act prohibits protective services employees (security employees, peace officers, firefighters) from striking. Disputes over their negotiations are subject to mandatory mediation and interest arbitration. Units of non-protective services employees utilize mediation in the even impasse, and can only use interest arbitrations on agreement of the parties. Other services, such as fact finding, grievance arbitration and grievance mediation are provided at the request of one or both parties.

The Board provided services on the following mediation/arbitration cases to parties for the resolution of impasses in collective bargaining:

	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>
Mediation/Arbitration Petitions	389	381	305
Grievance Arbitration Requests	<u>12</u>	<u>12</u>	<u>15</u>
Total Mediation/Arbitration Cases	<u>401</u>	<u>393</u>	<u>320</u>

**Strike Investigations**

If a unit of non-protective services employees engages in a strike that the employer believes presents “a clear and present danger to the health and safety of the public,” the employer may petition the Board for a strike investigation. The Board has 72 hours to determine whether such a clear and present danger exists. The employer may then take the Board’s findings to Circuit Court to seek to enjoin the work stoppage in a manner that would eliminate the danger. When employees have been enjoined from striking pursuant to this procedure, interest arbitration is used to resolve the issues in dispute.

**STATE OF ILLINOIS**  
**LABOR RELATIONS BOARD**

**ANALYSIS OF OPERATIONS**

**For the Two Years Ended June 30, 2011**

**SERVICE EFFORTS AND ACCOMPLISHMENTS (NOT EXAMINED), CONTINUED**

**Unfair Labor Practice Cases**

Section 10 of the Act prohibits employers and labor organizations from engaging in certain enumerated unfair labor practices. An employer, a labor organization or an employee may file an unfair labor practice charge with the Board. There are two types of unfair labor practice charges:

1. Charge Against Employer (CA cases) alleges that an employer has violated one of the provisions under Section 10(a) of the Act.
2. Charge Against Labor Organization (CB cases) alleges that a labor organization has violated one of the provisions under Section 10(b) of the Act.

<b>Unfair Labor Practice Charges</b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>
CA Charge Against Employer	295	369	372
CB Charge Against Labor Organization	<u>74</u>	<u>117</u>	<u>100</u>
Total Unfair Labor Practice Cases	<u>369</u>	<u>486</u>	<u>472</u>
<b>Total Cases Filed (Representation, Mediation and Unfair Labor Practice Cases)</b>	<u>1,474</u>	<u>1,341</u>	<u>1,199</u>
<b>Total Expenditures</b>	\$1,521,610	\$1,445,602	\$1,710,466
<b>Total Expenditures per Case Filed</b>	\$1,032	\$1,078	\$1,427