

**STATE OF ILLINOIS
EDUCATIONAL LABOR RELATIONS BOARD**

COMPLIANCE EXAMINATION

For the Two Years Ended June 30, 2009

STATE OF ILLINOIS
EDUCATIONAL LABOR RELATIONS BOARD
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2009

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STATE OF ILLINOIS
EDUCATIONAL LABOR RELATIONS BOARD
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2009

AGENCY OFFICIALS

EDUCATIONAL LABOR RELATIONS BOARD

Chairman	Lynne O. Sered
Executive Director	Victor Blackwell
Fiscal Officer	Cindy Handy
General Counsel	Helen Higgins Kelly

Agency offices are located at:

One Natural Resources Way
Springfield, IL 62702

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



ILLINOIS EDUCATIONAL LABOR RELATIONS BOARD

MANAGEMENT ASSERTION LETTER

April 12, 2010

Honorable William G. Holland
Auditor General
State of Illinois
Iles Park Plaza
740 East Ash
Springfield, IL 62703-3154

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, 2009. Based on this evaluation, we assert that during the years ended June 30, 2009 and June 30, 2008, the Agency has materially complied with the assertions below.

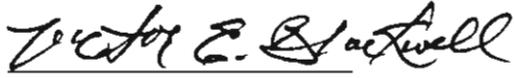
- A. The agency has obligated, expended, received and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The agency has obligated, expended, received and used public funds of the State in accordance with any limitations, 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.

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

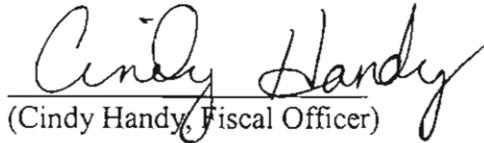
160 North LaSalle Street, Suite N-400 | Chicago, Illinois 60601-3103 | Telephone: 312/793-3170 | Facsimile: 312/793-3369
320 West Washington Street, Suite 260 | Springfield, Illinois 62701-1135 | Telephone: 217/782-9068 | Facsimile: 217/782-9331
TTY: 1-800/526-0844 (Relay)

Yours very truly,

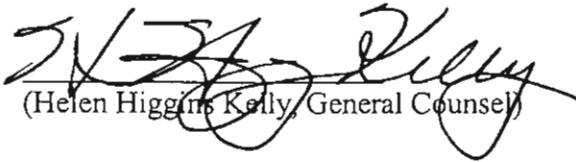
Educational Labor Relations Board



(Victor Blackwell, Director)



(Cindy Handy, Fiscal Officer)



(Helen Higgins Kelly, General Counsel)

STATE OF ILLINOIS
 EDUCATIONAL LABOR RELATIONS BOARD
 COMPLIANCE EXAMINATION
 For the Two Years Ended June 30, 2009

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 Findings</u>	<u>Current Report</u>	<u>Prior Report</u>
Findings	4	2
Repeated findings	2	1
Prior recommendations implemented or not repeated	0	3

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>
FINDINGS (STATE COMPLIANCE)			
09-1	10	Nonpayment of revolving funds	Material Weakness and Material Noncompliance
09-2	12	Untimely processing of fair share cases and payments	Significant Deficiency and Noncompliance

09-3	14	Inadequate segregation of duties	Significant Deficiency and Noncompliance
09-4	16	Voucher processing weaknesses	Significant Deficiency and Noncompliance

EXIT CONFERENCE

In a letter dated April 8, 2010 from Mr. Victor Blackwell, Executive Director, the Board waived the exit conference.

Responses to the recommendations were provided by Mr. Victor Blackwell, Executive Director, in a letter dated April 8, 2010.

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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 State of Illinois, Educational 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, 2009. The management of the State of Illinois, Educational Labor Relations Board is responsible for compliance with these requirements. Our responsibility is to express an opinion on the State of Illinois, Educational Labor Relations Board's compliance based on our examination.

- A. The State of Illinois, Educational 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, Educational 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, Educational 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, Educational 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, Educational Labor Relations Board on behalf of the State or held in trust by the State of Illinois, Educational 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, Educational 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, Educational Labor Relations Board's compliance with specified requirements.

As described in finding 09-1 in the accompanying schedule of findings, the State of Illinois, Educational Labor Relations Board did not comply with requirements regarding limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use of public funds of the State. Compliance with such requirements is necessary, in our opinion, for the State of Illinois, Educational Labor Relations Board to comply with the requirements listed in the first paragraph of this report.

In our opinion, except for the noncompliance described in the preceding paragraph, the State of Illinois, Educational Labor Relations Board complied, in all material respects, with the requirements listed in the first paragraph of this report during the two years ended June 30, 2009. 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 findings as findings 09-2 through 09-4.

Internal Control

The management of the State of Illinois, Educational 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, Educational Labor Relations Board's internal control over compliance with the requirements listed in the first paragraph of this report 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, but not for the purpose of expressing an opinion on the effectiveness of the State of Illinois, Educational Labor Relations Board's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Illinois, Educational Labor Relations Board's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been

identified. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with the requirements listed in the first paragraph of this report on a timely basis. A *material weakness* 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. We consider the deficiencies in internal control over compliance as described in the accompanying schedule of findings as finding 09-1 to be a material weakness.

A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in findings 09-2 through 09-4 in the accompanying schedule of findings, to be significant deficiencies.

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

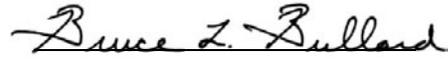
The State of Illinois, Educational Labor Relations Board's responses to the findings identified in our examination are described in the accompanying schedule of findings. We did not examine the State of Illinois, Educational Labor Relations Board's responses and, accordingly, we express no opinion on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

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 2009 and 2008 Supplementary Information for State Compliance Purposes, except for 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 2007 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 agency's governing board and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Bruce L. Bullard".

BRUCE L. BULLARD, CPA

Director of Financial and Compliance Audits

April 12, 2010

STATE OF ILLINOIS
EDUCATIONAL LABOR RELATIONS BOARD
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2009

09-1. **FINDING** (Nonpayment of revolving funds)

The Educational Labor Relations Board (Board) failed to pay Facilities Management, Statistical Services, and Telecommunications invoices totaling \$45,303 for FY09. The Board purchases Facilities Management, Statistical Services, and Telecommunications through the Department of Central Management Services (DCMS) and is billed for the services through the aforementioned revolving funds, which are accounted for as Internal Service Funds.

The Board failed to pay the following DCMS revolving fund invoices:

- Seven invoices totaling \$16,185 for the Statistical Services Revolving Fund;
- Fourteen invoices totaling \$15,005 for the Facilities Management Revolving Fund;
- Eleven invoices totaling \$14,113 for the Communications Revolving Fund.

The Illinois Administrative Code (74 Ill. Adm. Code 1000.50) requires the user agencies to process payments within 30 days after physical receipt of internal service fund bills and to make reasonable efforts to review, approve, and pay all internal service fund bills in the fiscal year in which the liability was incurred. User agencies are not to leave internal service fund bills unpaid in order to circumvent fiscal year budgetary controls.

Board management stated they were instructed by the Governor's Office of Management and Budget (GOMB) to defer revolving fund payments in order to avoid layoffs as the agency did not have other lines from which to draw the funds.

Reductions in revolving fund expenses and other expenditure line items were necessary to ensure the Board could pay its FY09 obligations. The unpaid Facilities Management and Statistical Services invoices accounted for 35% of the Board's FY09 contractual service expenses. The unpaid Telecommunications invoices accounted for 96% of the Board's FY09 Telecommunications expenses. (Finding Code No. 09-1)

RECOMMENDATION

We recommend the Board timely process revolving fund invoices and initiate reductions in other line items to ensure sufficient funds are available to pay all incurred expenditures.

STATE OF ILLINOIS
EDUCATIONAL LABOR RELATIONS BOARD
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2009

BOARD RESPONSE

The Board concurs with this finding. The Board was directed by GOMB to withhold payment to DCMS Revolving Accounts since funds were not available at the time to meet those obligations. The Board paid all revolving fund accounts in full at the opening of FY10. The Board will follow recommendation to timely process revolving fund invoices and pay all incurred expenditures when due with the expectation that funds will be available.

STATE OF ILLINOIS
EDUCATIONAL LABOR RELATIONS BOARD
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2009

09-2. **FINDING** (Untimely processing of fair share cases and payments)

The Educational Labor Relations Board (Board) did not timely issue Recommended Decision 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. The Judge is then required to issue a Recommended Decision and Order within 60 days from the close of the record, unless additional time (up to 30 days) is required due to length and/or complexity of the issues involved for which an objector may file an exception within 21 days after receipt.

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:

- Two of 4 (50%) consolidated cases tested did not have Recommended Decision and Orders (Order) issued within the required timeframe. The Orders were issued 32 and 263 days late. The Board's Rules and Regulations (80 Ill. Adm. Code 1125.80(d)) requires an Order to be issued within 60 days of the close of the 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. Board management stated 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 issuance of the Orders.
- Two of 4 (50%) consolidated cases tested had final orders issued yet no payments had been made. As of March 1, 2010, these cases had not been paid for 256 and 447 days. Board management stated staff shortages have attributed to the untimely payment of fees. Good business practices require proper internal controls be established to help promote operational efficiency. In addition, the Fiscal Control and Internal Auditing

STATE OF ILLINOIS
EDUCATIONAL LABOR RELATIONS BOARD
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2009

Act (30 ILCS 10/3001) requires State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that resources are utilized efficiently, effectively, and in compliance with applicable law.

Failure to issue Recommended Decision and Orders within the 60 day requirement results in untimely processing of fair share cases. Failure to process payments for fair share cases timely results in delays in payments to fair share objectors and the unions. (Finding Code No. 09-2, 07-1, 05-2)

RECOMMENDATION

We recommend the Board issue Recommended Decision and Orders within the required timeframe. We further recommend 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 concurs with this finding. The Board will direct its Administrative Law Judges to proceed and conclude fair share hearings within the required period. The Board has implemented controls that are expected to minimize if not eliminate late payment to fair share fee objectors.

STATE OF ILLINOIS
EDUCATIONAL LABOR RELATIONS BOARD
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2009

09-3. **FINDING** (Inadequate segregation of duties)

The Educational Labor Relations Board (Board) had an inadequate segregation of duties in the areas of procurement, payroll and expenditure control, State property and receipt processing.

We noted the following:

- One person had the authority to perform procurement functions, including the approval of contracts, prepare and approve vouchers, maintain accounting records and perform monthly expenditure reconciliations.
- One person had the authority to approve all property purchases, tag all inventory, maintain the property records, and complete the quarterly reports of State property.
- One person had the authority to prepare payroll, make adjustments to payroll, approve payroll and distribute payroll stubs.
- One person had the authority to prepare receipts, deposit receipts, and maintain the ledger of receipts.

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 management stated they were unable to maintain adequate segregation of duties due to the limited number of Board employees.

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. (Finding Code No. 09-3, 07-2)

RECOMMENDATION

We recommend the Board implement procedures to ensure they maintain effective internal control over the record keeping and accounting duties concerned with procurement, expenditures, property control, payroll, and receipts.

STATE OF ILLINOIS
EDUCATIONAL LABOR RELATIONS BOARD
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2009

BOARD RESPONSE

The Board concurs with this finding. The Board will continue to request authority to hire an accountant in the Springfield Office to segregate these responsibilities.

STATE OF ILLINOIS
EDUCATIONAL LABOR RELATIONS BOARD
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2009

09-4. **FINDING** (Voucher processing weaknesses)

The Educational Labor Relations Board (Board) did not exercise adequate controls over voucher processing.

We noted the following:

- Thirty-five of 104 (34%) vouchers tested, totaling \$23,167, were approved for payment from 5 to 302 days late. The required interest of \$759 was not paid on 4 of these vouchers. The Illinois Administrative Code (74 Ill. Adm. Code 900.70) states that an agency shall review each vendor's bill and either deny the bill in whole or in part, ask for more information necessary to review the bill, or approve the bill in whole or in part within 30 days after physical receipt of the bill. The State Prompt Payment Act (30 ILCS 540/3-2) requires State agencies to determine whether interest is due and automatically pay interest penalties amounting to \$50 or more to the appropriate vendor when payment is not issued within 60 days after receipt of the bill.
- Twenty-six of 104 (25%) vouchers tested, totaling \$9,493, did not have adequate support for the date received; therefore, we could not determine the timeliness of payment. The Illinois Administrative Code (74 Ill. Adm. Code 900.30) requires an agency to maintain written or electronic records reflecting the date on which the goods were received and accepted or the services were rendered and the proper bill was received by the State agency.
- Seven of 104 (7%) vouchers tested, totaling \$3,716, were not signed and/or dated by the receiving officer. The Statewide Accounting Management System (SAMS) (Procedure 17.20.20) states each invoice-voucher, upon receipt of goods or services, must be signed by the receiving officer verifying goods or services meet the stated specifications.

Board management stated the deficiencies were due to lack of staffing and agency budget constraints.

Failure to document the receipt date and promptly approve vouchers may result in late payment of bills to vendors which may result in interest charges owed by the Board. Failure to pay interest charges is noncompliance with the State Prompt Payment Act. The lack of a receiving officer's signature reduces the overall control over expenditures. (Finding Code No. 09-4)

STATE OF ILLINOIS
EDUCATIONAL LABOR RELATIONS BOARD
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2009

RECOMMENDATION

We recommend the Board implement controls to ensure vouchers are approved timely and signed and dated by the receiving officer. In addition, we recommend the Board ensure all required interest payments are made. We also recommend the Board ensure the receipt date of the proper bill is recorded.

BOARD RESPONSE

The Board concurs with this finding. The Board will institute voucher and inventory procedures to increase controls in these areas.

STATE OF ILLINOIS
EDUCATIONAL LABOR RELATIONS BOARD
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2009

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 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
EDUCATIONAL LABOR RELATIONS BOARD
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For the Fiscal Year Ended June 30, 2009

P.A. 95-0733 P.A. 96-0004 FISCAL YEAR 2009	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	\$ 802,350	\$ 792,135	\$ -	\$ 792,135	\$ 10,215
State Contribution to State					
Employees' Retirement System	173,800	166,832	-	166,832	6,968
State Contributions to Social Security	61,800	56,725	-	56,725	5,075
Contractual Services	58,913	58,098	800	58,898	15
Travel	13,950	13,643	306	13,949	1
Commodities	2,287	1,779	508	2,287	-
Printing	144	-	142	142	2
Equipment	3,607	3,607	-	3,607	-
Electronic Data Processing	881	881	-	881	-
Telecommunications	612	612	-	612	-
Operation of Automotive Equipment	2,306	411	1,887	2,298	8
Total General Revenue Fund	\$ 1,120,650	\$ 1,094,723	\$ 3,643	\$ 1,098,366	\$ 22,284
Non-Appropriated Fund					
Fair Share Trust Fund - 996					
Fair Share Trust Fund		\$ -	\$ -	\$ -	
Total Fair Share Trust Fund		\$ -	\$ -	\$ -	
GRAND TOTAL ALL FUNDS		\$ 1,094,723	\$ 3,643	\$ 1,098,366	

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, 2008

P.A. 95-0348 FISCAL YEAR 2008	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
<u>Appropriated Fund</u>					
<u>General Revenue Fund - 001</u>					
Personal Services	\$ 1,015,800	\$ 816,428	\$ 34,982	\$ 851,410	\$ 164,390
State Contribution to State					
Employees' Retirement System	142,100	135,313	5,796	141,109	991
State Contributions to Social Security	77,300	58,557	2,520	61,077	16,223
Contractual Services	167,500	159,140	7,337	166,477	1,023
Travel	20,961	19,941	1,019	20,960	1
Commodities	4,560	3,154	1,301	4,455	105
Printing	3,940	3,042	836	3,878	62
Equipment	2,866	2,866	-	2,866	-
Electronic Data Processing	673	604	-	604	69
Telecommunications	19,000	16,577	1,399	17,976	1,024
Operation of Automotive Equipment	2,500	727	1,352	2,079	421
	<u>\$ 1,457,200</u>	<u>\$ 1,216,349</u>	<u>\$ 56,542</u>	<u>\$ 1,272,891</u>	<u>\$ 184,309</u>
<u>Non-Appropriated Fund</u>					
<u>Fair Share Trust Fund - 996</u>					
Fair Share Trust Fund		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Total Fair Share Trust Fund		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
GRAND TOTAL ALL FUNDS		<u>\$ 1,216,349</u>	<u>\$ 56,542</u>	<u>\$ 1,272,891</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, 2009

	Fiscal Year		
	2009	2008	2007
General Revenue Fund - 001	P.A. 95-0733 P.A. 96-0004	P.A. 95-0348	P.A. 94-798
Appropriations (Net of Transfers)	<u>\$ 1,120,650</u>	<u>\$ 1,457,200</u>	<u>\$ 1,432,200</u>
<u>Expenditures</u>			
Personal Services	\$ 792,135	\$ 851,410	\$ 844,765
State Contribution to State Employees' Retirement System	166,832	141,109	97,390
State Contributions to Social Security	56,725	61,077	61,020
Contractual Services	58,898	166,477	144,139
Travel	13,949	20,960	13,019
Commodities	2,287	4,455	6,147
Printing	142	3,878	1,856
Equipment	3,607	2,866	4,033
Electronic Data Processing	881	604	3,510
Telecommunications	612	17,976	19,932
Operation of Automotive Equipment	<u>2,298</u>	<u>2,079</u>	<u>2,971</u>
Total Expenditures	<u>\$ 1,098,366</u>	<u>\$ 1,272,891</u>	<u>\$ 1,198,782</u>
Lapsed Balances	<u>\$ 22,284</u>	<u>\$ 184,309</u>	<u>\$ 233,418</u>
Non-Appropriated Fair Share Trust Fund - 996			
Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 134,629</u>
Total Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 134,629</u>
GRAND TOTAL - ALL FUNDS			
Total Expenditures	<u>\$ 1,098,366</u>	<u>\$ 1,272,891</u>	<u>\$ 1,333,411</u>
Salaries paid from the Comptroller's Executive Salary Appropriation:			
Board Chairman	\$ 104,358	100,538	\$ 92,890
Four Board Members	<u>375,704</u>	<u>361,948</u>	<u>334,414</u>
Total Expenditures from Comptroller's Executive Salaries Appropriation	<u>\$ 480,062</u>	<u>\$ 462,486</u>	<u>\$ 427,304</u>

STATE OF ILLINOIS
 EDUCATIONAL LABOR RELATIONS BOARD
SCHEDULE OF CHANGES IN STATE PROPERTY
 For the Two Years Ended June 30, 2009

		<u>Equipment</u>
Balance at July 1, 2007	\$	466,158
Additions		409
Deletions		-
Net Transfers		-
		<hr/>
Balance at June 30, 2008	\$	<u>466,567</u>
Balance at July 1, 2008	\$	466,567
Additions		-
Deletions		(172,071)
Net Transfers		(11,284)
		<hr/>
Balance at June 30, 2009	\$	<u>283,212</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>2009</u>	<u>2008</u>	<u>2007</u>
<u>General Revenue Fund - 001</u>			
	\$		
Jury Duty	-	\$ 17	\$ 30
Copies	13	45	61
Phone call reimbursements	-	-	2
Refunds	-	-	-
	\$		
Total General Revenue Fund	<u>13</u>	<u>\$ 62</u>	<u>\$ 93</u>
<u>Fair Share Trust Fund - 996</u>			
		\$	\$
Fair Share Trust Fees	\$ 40,977	32,524	43,690
Interest	<u>4,655</u>	<u>7,092</u>	<u>9,946</u>
		\$	\$
Total Fair Share Trust Fund	<u>\$ 45,632</u>	<u>39,616</u>	<u>53,636</u>
		\$	\$
Total Receipts	<u>\$ 45,645</u>	<u>39,678</u>	<u>53,729</u>

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

<u>General Revenue Fund - 001</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Receipts per Department Records	\$ 13	\$ 62	\$ 93
Add: Deposits in Transit, Beginning of Year	-	-	-
Less: Deposits in Transit, End of Year	-	-	-
Deposits Recorded by the Comptroller	<u>\$ 13</u>	<u>\$ 62</u>	<u>\$ 93</u>
<u>Fair Share Trust Fund - 996</u>			
Receipts per Department Records	\$ 45,632	\$ 39,616	\$ 53,636
Add: Deposits in Transit, Beginning of Year	29,100	776	1,024
Less: Deposits in Transit, End of Year	(33,437)	(29,100)	(776)
Interest Earned	<u>(4,655)</u>	<u>(7,092)</u>	<u>(9,946)</u>
Deposits Recorded by the Comptroller	<u>\$ 36,640</u>	<u>\$ 4,200</u>	<u>\$ 43,938</u>

STATE OF ILLINOIS
EDUCATIONAL LABOR RELATIONS BOARD
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2009

Variations in expenditures were considered significant if differences were greater than 20% and \$5,000.

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2008 AND 2009

General Revenue Fund (001)

Contractual Services

The decrease was due to the Board deferring FY09 Facilities Management and Statistical Services Revolving Fund payments. See finding 09-1.

Travel

The decrease was due to the restriction of Board Member and staff travel due to budget constraints.

Telecommunications

The decrease was due to the Board deferring FY09 Telecommunications Revolving Fund payments. See finding 09-1.

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2007 AND 2008

General Revenue Fund (001)

State Contribution to State Employees' Retirement System

The increase was due to an increase in the employer contribution rate from 11.525% in FY07 to 16.561% in FY08.

Travel

The increase was due to related travel to conduct more mediations in efforts to settle cases before they go to hearing.

Fair Share Trust Fund (996)

Fair Share Trust Fund

The decrease was due to a lack of staff to work on processing the disbursements. See finding 09-2.

STATE OF ILLINOIS
EDUCATIONAL LABOR RELATIONS BOARD
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Two Years Ended June 30, 2009

Variations in receipts were considered significant if differences were greater than 20% and \$1,000.

ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS BETWEEN FISCAL YEARS 2008 AND 2009

Fair Share Trust Fund (996)

Fair Share Trust Fees

The increase in Fair Share Trust Fees collected during FY09 was due to the increase in the number of fair share cases filed in FY09.

Interest

The decrease in interest earned during FY09 was due to lower interest rates earned.

ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS BETWEEN FISCAL YEARS 2007 AND 2008

Fair Share Trust Fund (996)

Fair Share Trust Fees

The decrease in Fair Share Trust Fees collected during FY08 was due to the decrease in the number of fair share cases filed in FY08 and the number of cases settled or withdrawn early in the fiscal year resulting in a decrease of funds collected.

Interest

The decrease in interest earned during FY08 was due to a lower fund balance in the Fair Share Trust Fund due to large disbursements of funds in FY07.

STATE OF ILLINOIS
EDUCATIONAL LABOR RELATIONS BOARD
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Two Years Ended June 30, 2009

During the examination period, there was no significant lapse period spending that met the criteria of 20% and over \$2,000.

STATE OF ILLINOIS
EDUCATIONAL LABOR RELATIONS BOARD
ANALYSIS OF OPERATIONS
For the Two Years Ended June 30, 2009

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's primary statutory duties include the following:

1. Investigating representation petitions seeking the certification or decertification of collective bargaining representatives of public school employees, and conducting hearings and elections upon such petitions;
2. Processing majority interest petitions which seek certification with a showing of majority support;
3. Investigating and processing petitions to modify or clarify bargaining units and the certification of bargaining units, including conducting hearings and issuing decisions on such petitions;
4. Investigating all charges alleging unfair labor practices filed by either a representative Union, an individual or by a school district;
5. Rendering determinations on all charges of unfair labor practices after investigation and hearing, and investigating and adjudicating disputes concerning compliance with Agency decisions and orders;
6. Acting as neutral mediators and conducting mediation sessions to assist parties in resolving disputes before the Board;
7. Providing panels of private mediators and arbitrators to all parties covered by the Act to assist in resolving collective bargaining impasses and grievance disputes; and
8. Investigating and adjudicating disputes concerning fair share fees assessed to educational employees by employee representatives, including initiating, maintaining and disbursing escrow accounts for all employees filing fair share fee charges.

The Board consists of a chairperson and four members who are appointed by the Governor with the advice and consent of the Senate. The current members as of June 30, 2009 are:

- Lynne O. Sered, Chairman
- Bridget Lamont
- Michael Prueter
- Ronald Ettinger
- Jimmie Robinson

STATE OF ILLINOIS
 EDUCATIONAL LABOR RELATIONS BOARD
ANALYSIS OF OPERATIONS
 For the Two Years Ended June 30, 2009

AGENCY FUNCTIONS AND PLANNING PROGRAM – (continued)

The Board regulates approximately 450,000 statewide educational employees, about 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 meet monthly 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. Monthly case reports, quarterly review of final decisions and a monthly review of the budget are part of the Board’s agenda.

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>2009</u>	<u>2008</u>	<u>2007</u>
Paid from Illinois Educational Labor Relations Board Appropriation:			
Executive Director	1	1	1
Technical Advisors	1	1	1
Investigators and Supervisors	6	7	6
Administrative and Clerical	4	4	6
Total average full-time employees	<u>12</u>	<u>13</u>	<u>14</u>
Paid from Comptroller's Executive Salaries Appropriation:			
Board Chairman	1	1	1
Board Members	4	4	4
Total average Board members	<u>5</u>	<u>5</u>	<u>5</u>

STATE OF ILLINOIS
 EDUCATIONAL LABOR RELATIONS BOARD
ANALYSIS OF OPERATIONS
 For the Two Years Ended June 30, 2009

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>2009</u>	<u>2008</u>	<u>2007</u>
Petition to Determine Representative	26	45	43
Petition to Decertify Representative	3	4	5
Petition - Representation (Employer)	2	1	1
Petition to Determine Unit	31	32	20
Voluntary Recognition Petition	3	2	3
Unit Clarification Petition	26	25	34
Amended Certification Petition	8	3	7
Total Cases Filed	<u>99</u>	<u>112</u>	<u>113</u>

Disposition of Cases Filed

Certification of Representative	4	18	13
Certification of Voluntary Recognition	1	2	1
Certification of Results	1	2	2
Elections Conducted	* 13	* 24	* 19
Withdrawn	16	12	25
Majority Interest Petition Order of Certification	39	55	31
Executive Director Decision & Order	24	26	36
Administrative Law Judge Recommended Decision & Order	3	6	1
Mediations	5	12	4
Board Opinions and Orders Issued	* 19	* 24	* 25
Board Final Orders Issued	* 90	* 83	* 128
Pending Investigations	58	21	31
Total Cases Processed	<u>273</u>	<u>285</u>	<u>316</u>

* Note: Added to 08/09 Report

STATE OF ILLINOIS
 EDUCATIONAL LABOR RELATIONS BOARD
ANALYSIS OF OPERATIONS
 For the Two Years Ended June 30, 2009

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.

Strikes

The Illinois Educational Labor Relations Act affords educational employees the right to strike under certain limited circumstances as delineated in Section 13 of the Act. The Board attempts to resolve potential strike issues through mediation and its adjudicatory processes. There were nine strikes during the 2007-2008 school year and one strike during the 2008-2009 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 Filed</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Unfair Labor Practice Charge Against Employer	104	110	131
Unfair Labor Practice Charge Against Union	27	31	29
Unfair Labor Practice Charge Contesting Fair Share Fee	116	105	135
Total Cases Filed	<u>247</u>	<u>246</u>	<u>295</u>

STATE OF ILLINOIS
EDUCATIONAL LABOR RELATIONS BOARD
ANALYSIS OF OPERATIONS
For the Two Years Ended June 30, 2009

SERVICE EFFORTS AND ACCOMPLISHMENTS (not examined) (continued)

Unfair Labor Practice Cases (continued)

<u>Disposition of Cases</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Withdrawn Pursuant to Settlement Agreement	112	93	139
Complaints Issued	39	48	57
Withdrawn	69	67	47
Executive Director's Recommended			
Decision and Order	62	27	57
Administrative Law Judge Recommended			
Decision and Order	32	49	83
Cases Mediated	57	67	27
Investigations Pending	48	21	70
Total Cases Processed	<u>419</u>	<u>372</u>	<u>480</u>
<u>Average Cost Per Case Processed</u>			
Representation Cases	99	112	113
Unfair Labor Practice Cases	247	246	295
Total Representation and Unfair Labor Practice Cases	<u>346</u>	<u>358</u>	<u>408</u>
Total Expenditures	<u>\$ 1,098,366</u>	<u>\$ 1,272,891</u>	<u>\$ 1,198,782</u>
Average Expenditure per Case	<u>\$ 3,174</u>	<u>\$ 3,556</u>	<u>\$ 2,938</u>