

STATE OF ILLINOIS
LABOR RELATIONS BOARD

COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2013

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, 2013

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AGENCY OFFICIALS

Executive Director (June 1, 2012 to present)	Ms. Melissa Mlynski
Executive Director, Acting (April 28, 2012 through May 31, 2012)	Mr. Jerald Post
Executive Director (through April 27, 2012)	Mr. John Brosnan
Fiscal Officer	Ms. Nicole Hildebrand
Legal Counsel	Mr. Jerald Post

Executive offices are located at:

1 Natural Resources Way
1st Floor
Springfield, IL 62702

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



Illinois Labor Relations Board

January 30, 2014

Doehring, Winders & Co, LLP
1601 Lafayette Avenue
Mattoon, Illinois 61938

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 Labor Relations Board. We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the Labor Relations Board's compliance with the following assertions during the two-year period ended June 30, 2013. Based on this evaluation, we assert that during the years ended June 30, 2012 and June 30, 2013, the Labor Relations Board has materially complied with the assertions below.

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

Yours very truly,

Labor Relations Board

Melissa Mlynski, Executive Director

Nicole Hildebrand, Fiscal Officer

Jerald Post, General Counsel

STATE OF ILLINOIS
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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.

ACCOUNTANT'S REPORT

The Independent Accountant's 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

Number of	Current Report	Prior Report
Findings	5	6
Repeated findings	2	5
Prior recommendations implemented or not repeated	4	3

SCHEDULE OF FINDINGS

Item No.	Page	Description	Finding Type
FINDINGS (STATE COMPLIANCE)			
2013-001	8	Inadequate Internal Controls over Accumulated Benefit Time and Related Payouts	Significant Deficiency and Noncompliance
2013-002	10	Untimely Deposits of Receipts and Refunds	Significant Deficiency and Noncompliance
2013-003	11	Inadequate Disaster Contingency Planning	Significant Deficiency and Noncompliance
2013-004	13	Failure to Comply with the Identity Protection Act	Significant Deficiency and Noncompliance
2013-005	14	Failure to Appoint a Neutral Chairman	Significant Deficiency and Noncompliance

PRIOR FINDINGS NOT REPEATED

A	15	Inadequate Controls over the Recording and Reporting of State Property
B	15	Inadequate Segregation of Duties
C	15	Inadequate Procedures over Employee Evaluations
D	15	Noncompliance with the Illinois Police Training Act

STATE OF ILLINOIS
LABOR RELATIONS BOARD

COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2013

COMPLIANCE REPORT

SUMMARY

EXIT CONFERENCE

The Labor Relations Board waived having an exit conference via email correspondence dated January 21, 2014. Responses to the recommendations appearing in this report were provided by Nicole Hildebrand, Fiscal Officer, via email correspondence dated January 22, 2014.

DOEHRING, WINDERS & CO. LLP
*Certified Public Accountants
& Business Advisers*

1601 LAFAYETTE AVENUE
MATTOON, ILLINOIS 61938

Independent Accountant's 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, 2013. 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.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the Audit Guide as adopted by the Auditor General pursuant to the Act; and, accordingly, included examining, on a test basis, evidence about the 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, 2013. 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 2013-001 through 2013-005.

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 to determine the examination procedures that are appropriate in the circumstances 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, Labor Relations Board's 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 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 in internal control 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. *A significant deficiency in 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.

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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings as items 2013-001 through 2013-005, that we consider 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, 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, 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 for the years ended June 30, 2013 and June 30, 2012 in Schedules 1 through 9 and the Analysis of Operations Section 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 June 30, 2013 and June 30, 2012 accompanying supplementary information in Schedules 1 through 9. However, we do not express an opinion on the accompanying supplementary information.

We have not applied procedures to the June 30, 2011 accompanying supplementary information in Schedules 3 through 7 and in the Analysis of Operations Section, and accordingly, we do not express an opinion or provide any assurance on it.

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.

Doehring, Winders & Co. LLP

Mattoon, Illinois
January 30, 2014

STATE OF ILLINOIS
LABOR RELATIONS BOARD

COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2013

CURRENT FINDINGS – STATE COMPLIANCE

2013-001 INADEQUATE INTERNAL CONTROLS OVER ACCUMULATED BENEFIT TIME AND RELATED PAYOUTS

The Illinois Labor Relations Board (Board) did not have proper internal controls over accumulated benefit time which resulted in incorrect balances for some employees and incorrect payouts upon termination.

During our testing, we noted the following:

- Two of twenty (10%) employees selected for detail testing had incorrect beginning balances on their annual cumulative timesheets. These errors resulted in the vacation time being understated by 0.5 and 44.5 hours and sick time being overstated by 2.5 hours and understated by 43 hours.
- Two of twenty (10%) employees selected for detail testing had discrepancies between the monthly timesheet prepared by the employee and the annual cumulative timesheet that is derived from the monthly timesheets. These errors resulted in personal time being overstated by 0.5 and 1 hour.
- Three of six (50%) employees who separated from the agency during the engagement period and received a payout of their unused vacation time for an incorrect amount. These errors resulted in payouts with 6 days underpaid, 3.9 days overpaid and 0.8 days overpaid to these employees upon separation from the Board.

The Illinois Administrative Code (80 Ill. Adm. Code 303.340) implemented and authorized by the Personnel Code (20 ILCS 415/1 et seq.) states each operating agency shall maintain accurate daily attendance records. Good internal controls requires agencies to ensure that daily attendance records are accurately prepared and reviewed to ensure proper payroll expenditures.

Board personnel stated the errors in accumulated benefit time and incorrect payouts of vacation time were due to errors when the information on the monthly timesheet for these employees was inputted into the annual cumulative timesheets. In addition, the Board relies on employees to review their own cumulative timesheets for any errors.

Improper recording of benefit time usage and year-end carryover balances of vacation and sick time may lead to improper payouts when employees use their accumulated benefit time or separate from service from the Board. (Finding Code No. 2013-001)

RECOMMENDATION

We recommend the Board establish additional review procedures to ensure that records of accumulated benefit time are accurate. We further recommend the Board payout the remaining unused vacation time earned by the employee and seek reimbursement for the vacation time overpaid to the employees.

STATE OF ILLINOIS
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COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2013

CURRENT FINDINGS – STATE COMPLIANCE (continued)

**2013-001 INADEQUATE INTERNAL CONTROLS OVER ACCUMULATED BENEFIT TIME AND
RELATED PAYOUTS (continued)**

BOARD RESPONSE

Upon notification from the auditors of noncompliance, the Board requested reimbursement for vacation time overpaid to employees and processed payment of unused vacation time earned by the affected employee. The Board will review controls to insure that such errors are prevented in the future.

STATE OF ILLINOIS
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CURRENT FINDINGS – STATE COMPLIANCE (continued)

2013-002 UNTIMELY DEPOSITS OF RECEIPTS AND REFUNDS

The Illinois Labor Relations Board (Board) did not make deposits in a timely manner. During the examination period, the Board made deposits to the State Treasury totaling \$2,280.

During our testing of deposits of receipts and refunds, one of four (25%) deposits, totaling \$1,228, was not made in a timely manner. The checks that made up this deposit were dated between January 3, 2013 and February 27, 2013. None of the documentation had a date received stamp to indicate when the checks were actually received by the Board, and the deposit was not made until March 13, 2013.

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 greater than \$500 but less than \$10,000 within 48 hours and cumulative receipts valued up to \$500 on the next first or fifteenth day of the month after receipt. In addition, the Act requires each State agency to keep books showing the date of each receipt.

According to Board personnel, the untimely deposit was due to competing priorities.

Untimely deposit of receipts reduces the amount of money available to pay current costs and reduces the amount available on which interest could be earned. (Finding Code No. 2013-002, 11-2, 09-4, 07-8)

RECOMMENDATION

We recommend that the Board comply with the State Officers and Employees Money Disposition Act by making timely deposits into the State Treasury.

BOARD RESPONSE

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

STATE OF ILLINOIS
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COMPLIANCE EXAMINATION
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CURRENT FINDINGS – STATE COMPLIANCE (continued)

2013-003 INADEQUATE DISASTER CONTINGENCY PLANNING

The Illinois Labor Relations Board (Board) did not establish an adequately developed and tested disaster contingency plan for ensuring recovery of its critical computer systems.

The Board relies on critical applications to track and document the cases under the jurisdiction of the Board's State Panel and Local Panel.

During our examination, we noted the following with respect to disaster recovery:

- The disaster recovery plan was not up to date with respect to the current environment, and one of the disaster recovery coordinators listed ceased performing information technology related duties with the Board in March 2013.
- No testing of the disaster recovery plan has been conducted.
- The disaster recovery plan discusses nightly server backups and offsite storage of backups. However, we noted the nightly backups of the server in Chicago are not taken offsite, and the plan was not updated to reflect that the Springfield server is maintained by the Department of Central Management Services.

Information technology guidance (including the National Institute of Standards and Technology and Government Accountability Office) endorse the formal development and testing of disaster recovery plans. Tests of disaster recovery plans (and the associated documentation and test results) verify that the plan, procedures, and resources provide the capability to recover critical systems within acceptable timeframes.

Board personnel stated the plan was not kept up to date due to inadvertent errors and the server backups for the Chicago location were not taken offsite when an employee retired.

By not maintaining and testing an up to date disaster recovery plan, the Board is at an increased risk of not being able to recover its critical systems within acceptable timeframes and minimize the impact of any disasters. (Finding Code No. 2013-003)

RECOMMENDATION

The Board should update its disaster recovery plan to reflect its current operating environment at least annually and as new developments or modifications occur.

The disaster recovery plan should also be updated to:

- Require formal reviews of the disaster recovery plan at least annually;
- Establish testing procedures, including documentation requirements; and

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CURRENT FINDINGS – STATE COMPLIANCE (continued)

2013-003 INADEQUATE DISASTER CONTINGENCY PLANNING (continued)

RECOMMENDATION (continued)

- Provide for alternative sites for restoration of services should the Board's facilities become inoperable.

In addition, the Board should assess the level of criticality for its critical systems to determine a reasonable timeframe for recovery.

Once the disaster recovery plan has been updated, the Board should perform tests of the plan to ensure it is adequate in recovering its critical systems. Testing of the plan should be conducted at least annually and be updated according to the results of the tests.

BOARD RESPONSE

The Board accepts the finding and recommendations. The current plan will be updated and tested on an annual basis.

STATE OF ILLINOIS
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COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2013

CURRENT FINDINGS – STATE COMPLIANCE (continued)

2013-004 FAILURE TO COMPLY WITH IDENTITY PROTECTION ACT

The Illinois Labor Relations Board (Board) failed to implement the provisions of the Identity Protection Act (Act).

The Identity Protection Act (5 ILCS 179) required the Board to draft and approve an identity-protection policy by June 1, 2011. Per the Act, the Policy must:

- Identify the Act.
- Require all employees identified as having access to social security numbers in the course of performing their duties to be trained to protect the confidentiality of social security numbers.
- Direct that only employees who are required to use or handle information or documents that contain social security numbers have access to such information or documents.
- Require that social security numbers requested from an individual be placed in a manner that makes the social security number easily redacted if required to be released as part of a public records request.
- Require that, when collecting a social security number or upon request by the individual, a statement of the purpose or purposes for which the agency is collecting and using the social security number be provided.

During our testing we noted the Board had not developed an identity-protection policy.

Board management stated the policy was not developed due to oversight.

Failure to implement provisions of the Act results in noncompliance with the Act, does not promote the security and control of social security numbers, and increases the likelihood of identity theft. (Finding Code No 2013-004)

RECOMMENDATION

We recommend the Board develop and approve an identity-protection policy as required in the Identity Protection Act.

BOARD RESPONSE

The Board has developed and approved an identity-protection policy since notification of noncompliance from the auditors. In addition, all staff have completed a self-paced training course as required by the Identity Protection Act.

STATE OF ILLINOIS
LABOR RELATIONS BOARD

COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2013

CURRENT FINDINGS – STATE COMPLIANCE (continued)

2013-005 FAILURE TO APPOINT A NEUTRAL CHAIRMAN

The Illinois Labor Relations Board (Board) failed to monitor the need to appoint a neutral chairman from the Illinois Public Employees Mediation/Arbitration Roster as required by the Illinois Public Labor Relations Act.

In 15 of 25 cases (60%), the parties failed to notify the Board of their selection for neutral chairman within 7 days following the Board's issuance of a list of impartial arbitrators to the parties. In all 15 of these cases, the Board did not perform its duty to appoint a neutral chairman in a timely manner.

The Illinois Public Labor Relations Act (5 ILCS 315/14(c)) requires the Board to appoint a neutral chairman in a timely manner from the Illinois Public Employees Mediation/Arbitration Roster if the parties fail to notify the Board of their neutral chairman selection within 7 days after receipt of this list.

Board personnel stated the process has evolved. The disputing parties tend to only notify the Board when an agreement on a neutral chairman cannot be made, requesting the Board designate a neutral chairman. However, Board personnel feel they have improved their efforts to follow up with disputing parties to fulfill the Board's duty to appoint a neutral chairman.

Failure to appoint a neutral chairman when the other parties involved do not make their selection in a timely manner results in noncompliance with the Illinois Public Labor Relations Act. (Finding Code No. 2013-005, 11-5, 09-7, 07-11)

RECOMMENDATION

We recommend the Board comply with this section of the Illinois Public Labor Relations Act or seek legislative remedy to the statutory requirement to appoint a neutral chairman in a timely manner for arbitration cases in which the parties fail to notify the Board within 7 days of receiving a list of impartial arbitrators.

BOARD RESPONSE

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

STATE OF ILLINOIS
LABOR RELATIONS BOARD

PRIOR FINDINGS NOT REPEATED - STATE COMPLIANCE

For the Two Years Ended June 30, 2013

A Inadequate Controls over the Recording and Reporting of State Property

The Board did not submit accurate Quarterly Reports of Fixed Assets and did not maintain an accurate property listing.

Our sample testing indicated the Board submitted accurate Quarterly Reports of Fixed Assets and maintained a materially accurate property listing. (Finding Code No. 11-1, 09-1, 07-2, 07-3, 05-4)

B Inadequate Segregation of Duties

The Board did not have an adequate segregation of duties with respect to the processing and approval of general and payroll expenditures.

Our testing indicated improvements were made to reduce the reliance on one person processing and approving general and payroll expenditures. (Finding Code No. 11-3, 09-5, 07-9)

C Inadequate Procedures over Employee Evaluations

The Board did not perform performance evaluations of employees in accordance with Board policy.

Our sample testing indicated all employees received a performance evaluation in accordance with Board policy. (Finding Code No. 11-4)

D Noncompliance with the Illinois Police Training Act

The Board did not prepare and submit reports required by the Illinois Police Training Act.

The results of our testing indicated that all reports required by this act were submitted. (Finding Code No. 11-6, 09-8)

STATE OF ILLINOIS
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COMPLIANCE EXAMINATION

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

The accountant's report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states that the accountants have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the June 30, 2013 and June 30, 2012 supplementary information in Schedules 1 through 9. However, the accountants do not express an opinion on the supplementary information. The accountant's report also states that they have not applied procedures to the Analysis of Operations Section, and accordingly, they do not express an opinion or provide any assurance on it.

STATE OF ILLINOIS
LABOR RELATIONS BOARD

SCHEDULE 1

SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES

Appropriations for Fiscal Year 2013
Fourteen Months Ended August 31, 2013

	Appropriations (Net After Transfers)	Expenditures Through June 30, 2013	Lapse Period Expenditures July 1 to August 31, 2013	Total Expenditures	Balances Lapsed
<u>Public Act 97-0727</u>					
<u>APPROPRIATED FUNDS</u>					
<u>GENERAL REVENUE FUND 001</u>					
Personal services	\$ 1,246,100	\$ 1,202,031	\$ 1,896	\$ 1,203,927	\$ 42,173
State contributions to Social Security	95,600	88,456	145	88,601	6,999
Contractual services	127,190	69,155	23,274	92,429	34,761
Travel	11,300	8,968	1,805	10,773	527
Commodities	1,900	1,003	546	1,549	351
Printing	3,010	1,741	1,260	3,001	9
Equipment	2,300	-	2,245	2,245	55
Electronic data processing	35,700	21,435	12,910	34,345	1,355
Telecommunications services	36,300	28,829	2,385	31,214	5,086
Total General Revenue Fund	<u>\$ 1,559,400</u>	<u>\$ 1,421,618</u>	<u>\$ 46,466</u>	<u>\$ 1,468,084</u>	<u>\$ 91,316</u>

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

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

STATE OF ILLINOIS
LABOR RELATIONS BOARD

SCHEDULE 2

SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES

Appropriations for Fiscal Year 2012
Eighteen Months Ended December 31, 2012

<u>Public Act 97-0057;</u> <u>Public Act 097-0642</u>	<u>Appropriations</u> <u>(Net After Transfers)</u>	<u>Expenditures Through</u> <u>June 30, 2012</u>	<u>Lapse Period</u> <u>Expenditures July 1</u> <u>to December 31, 2012</u>	<u>Total Expenditures</u>	<u>Balances Lapsed</u>
<u>APPROPRIATED FUNDS</u>					
<u>GENERAL REVENUE FUND 001</u>					
Personal services	\$ 1,034,000	\$ 1,033,995	\$ -	\$ 1,033,995	\$ 5
State contributions to Social Security	79,100	79,029	-	79,029	71
Contractual services	90,600	65,924	7,145	73,069	17,531
Travel	7,500	4,263	1,929	6,192	1,308
Commodities	900	887	-	887	13
Printing	400	283	117	400	-
Equipment	500	444	-	444	56
Electronic data processing	18,200	14,773	3,427	18,200	-
Telecommunications services	27,600	26,761	839	27,600	-
Lump sum: operational expenses	150,600	90,942	22,649	113,591	37,009
Total General Revenue Fund	<u>\$ 1,409,400</u>	<u>\$ 1,317,301</u>	<u>\$ 36,106</u>	<u>\$ 1,353,407</u>	<u>\$ 55,993</u>

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

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

STATE OF ILLINOIS
LABOR RELATIONS BOARD

SCHEDULE 3

COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES

For the Fiscal Years Ended June 30,

	Fiscal Year		
	2013	2012	2011
	PA 97-0727	PA 97-0057 PA 97-0642	PA 96-0956 PA 96-0959
<u>APPROPRIATED FUNDS</u>			
<u>General Revenue Fund 001</u>			
Appropriations (net after transfers)	\$ 1,559,400	\$ 1,409,400	\$ 1,644,500
Expenditures			
Personal services	1,203,927	1,033,995	-
State contributions to Social Security	88,601	79,029	-
Contractual services	92,429	73,069	-
Travel	10,773	6,192	-
Commodities	1,549	887	-
Printing	3,001	400	-
Equipment	2,245	444	-
Electronic Data Processing	34,345	18,200	-
Telecommunications services	31,214	27,600	-
Lump sum: operational expenses	-	113,591	1,520,273
Total Expenditures	<u>1,468,084</u>	<u>1,353,407</u>	<u>1,520,273</u>
Lapsed Balances	<u>\$ 91,316</u>	<u>\$ 55,993</u>	<u>\$ 124,227</u>
Salaries paid from the Comptroller's Executive Salaries Appropriation			
Board chairman	\$ 103,381	\$ 104,358	\$ 99,560
Four state panel board members	375,704	346,754	358,430
Three (two for Fiscal Year 2011) local panel board members	<u>281,928</u>	<u>275,752</u>	<u>179,215</u>
Total expenditures from Comptroller's Executive Salaries Appropriation	<u>\$ 761,013</u>	<u>\$ 726,864</u>	<u>\$ 637,205</u>

Note: Fiscal Year 2011 expenditures and lapsed balances do not reflect interest payments approved and submitted to the Office of the State Comptroller after August.

STATE OF ILLINOIS
LABOR RELATIONS BOARD

SCHEDULE 4

SCHEDULE OF CHANGES IN STATE PROPERTY

For the Two Years Ended June 30, 2013

	Equipment
Balance as of July 1, 2011	\$ 197,467
Additions	
Purchases	15,739
Transfers in	-
Total additions	15,739
Deductions	
Deletions	-
Transfers out	-
Total deductions	-
Balance as of June 30, 2012	\$ 213,206
Balance as of July 1, 2012	\$ 213,206
Additions	
Purchases	5,295
Transfers in	-
Total additions	5,295
Deductions	
Deletions	-
Transfers out	-
Total deductions	-
Balance as of June 30, 2013	\$ 218,501

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

STATE OF ILLINOIS
LABOR RELATIONS BOARD

SCHEDULE 5

COMPARATIVE SCHEDULE OF CASH RECEIPTS

For the Fiscal Years Ended June 30,

	<u>2013</u>	<u>2012</u>	<u>2011</u>
<u>General Revenue Fund 001</u>			
Copies	\$ 21	\$ -	\$ 169
Miscellaneous	<u>1,245</u>	<u>-</u>	<u>-</u>
Total receipts - General Revenue Fund	<u><u>\$ 1,266</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 169</u></u>

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

SCHEDULE 6

For the Fiscal Years Ended June 30,

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Deposits per Board records	\$ 1,266	\$ -	\$ 169
Plus: Deposits in transit	-	-	-
Less: Deposits in transit end of year	<u>-</u>	<u>-</u>	<u>-</u>
Total Deposits per Comptroller	<u><u>\$ 1,266</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 169</u></u>

ANALYSIS OF SIGNIFICANT VARIATIONS
IN EXPENDITURES

For the Two Years Ended June 30, 2013

The following are explanations for expenditures which differed by at least \$5,000 and by more than 20 percent.

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2013 AND 2012

General Revenue Fund (001)

Personal services

State contributions to Social Security

Fiscal Year 2013 increase in expenditures is a result of the Lump Sum appropriation from Fiscal Year 2012 being distributed among each line item for Fiscal Year 2013. Additionally, the Board filled vacant positions during Fiscal Year 2013.

Contractual services

Fiscal Year 2013 increase in expenditures is a result of the Lump Sum appropriation from Fiscal Year 2012 being distributed among each line item for Fiscal Year 2013. Additionally, there was an increase in the number of hearings during Fiscal Year 2013.

Electronic data processing

Fiscal Year 2013 increase in expenditures is a result of the Lump Sum appropriation from Fiscal Year 2012 being distributed among each line item for Fiscal Year 2013. Additionally, the Board incurred significant nonroutine expenditures to replace an outdated database.

Lump Sum: Operational Expenses

Fiscal Year 2013 decrease in expenditures is the result of the Board not receiving any Lump Sum appropriations for Fiscal Year 2013.

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2012 AND 2011

Lump Sum: Operational Expenses

As reported on page 19 of this report, all individual expenditure line items had a significant variation as defined above when comparing Fiscal Year 2012 expenditures to Fiscal Year 2011. These significant variations are a result of changes in the manner in which the appropriations were made for each of these years. For Fiscal Year 2012, the Board received an appropriation for each line item (e.g. Personal Services, Commodities, and Printing), while for Fiscal Year 2011 the Board received their entire appropriation on one line item for Operational Expenses.

STATE OF ILLINOIS
LABOR RELATIONS BOARD

SCHEDULE 8

ANALYSIS OF SIGNIFICANT VARIATIONS
IN RECEIPTS

For the Two Years Ended June 30, 2013

The following are explanations for receipts which differed by at least \$5,000 and by more than 20 percent.

No variations over the scope were noted. The Board receives minimal receipts. The majority of the Board's receipts are for copy fees and refunds of prior year expenditures which vary insignificantly from year to year.

STATE OF ILLINOIS
LABOR RELATIONS BOARD

SCHEDULE 9

ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Year Ended June 30, 2013

The following are explanations for Fiscal Year 2013 line items in which more than 20 percent and at least \$5,000 of the total expenditures were made during lapse period.

Expenditure Item	Total Expenditures	Lapse Period Expenditures	Percent	Explanation of Significant Lapse Period Expenditures
Contractual services	\$ 92,429	\$ 23,274	25%	The significant lapse period expenditures consist of \$6,000 for independent contractor whose services were completed by June 30, but not processed until lapse period. Also, lapse period spending consisted of \$9,778 in facility utilities and \$6,216 in court reporting.
Electronic data processing	\$ 34,345	\$ 12,910	38%	The significant lapse period expenditures consist of \$4,132 in statistical services charges, \$3,356 equipment purchases, and \$4,750 for database maintenance.

STATE OF ILLINOIS
LABOR RELATIONS BOARD

SCHEDULE 9

ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Year Ended June 30, 2012

The following are explanations for Fiscal Year 2012 line items in which more than 20 percent and at least \$5,000 of the total expenditures were made during lapse period.

Expenditure Item	Total Expenditures	Lapse Period Expenditures	Percent	Explanation of Significant Lapse Period Expenditures
Lump sum: operational expenses	\$ 113,591	\$ 22,649	20%	The lump sum was used during lapse period for shortages in standard appropriation lines instead of transferring the money to the individual lines. Expenditures include the final payroll including Social Security and Medicare, postage, telecommunications bills, computer equipment and office supplies.

STATE OF ILLINOIS
LABOR RELATIONS BOARD

AGENCY FUNCTIONS AND PLANNING PROGRAM
(NOT EXAMINED)

For the Two Years Ended June 30, 2013

Board 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 91st 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 Relations Labor 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. Three new members were appointed during the examination period. The members as of June 30, 2013 were:

John J. Hartnett, Chairman
Paul Besson, Member
James Brennwald, Member
Michael G. Coli, Member
Albert Washington, 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. Two new members were appointed during the examination period. The members as of June 30, 2013 were:

Robert M. Gierut, Chairman
Charles E. Anderson, Member
Richard A. Lewis, Member

Board 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.

STATE OF ILLINOIS
LABOR RELATIONS BOARD

AGENCY FUNCTIONS AND PLANNING PROGRAM - CONTINUED
(NOT EXAMINED)

For the Two Years Ended June 30, 2013

Board Planning Program (continued)

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

AVERAGE NUMBER OF EMPLOYEES
(NOT EXAMINED)

For the Two Years Ended June 30, 2013

The following schedule was prepared from Board records and presents the average number of employees on a full-time equivalent basis for the Fiscal Years ended June 30,

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Division			
Executive Director	1	1	1
General Counsel	1	1	1
Administrative Law Judges	8	6	9
Investigators	4	4	3
Administrative and Clerical	<u>6</u>	<u>6</u>	<u>6</u>
Total average full-time employees	<u><u>20</u></u>	<u><u>18</u></u>	<u><u>20</u></u>
Paid from Comptroller's Executive Salaries Appropriation			
Board Chairman	1	1	1
Board Members	<u>7</u>	<u>7</u>	<u>6</u>
Total average Board members	<u><u>8</u></u>	<u><u>8</u></u>	<u><u>7</u></u>

Note 1: Employee groupings are based on organizational structure as of June 30, 2013.

Note 2: Certain reclassifications have been made to the 2011 average employee data to conform to the current presentation.

STATE OF ILLINOIS
LABOR RELATIONS BOARD

SERVICE EFFORTS AND ACCOMPLISHMENTS
(NOT EXAMINED)

For the Two Years Ended June 30, 2013

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, DE, UC, DD, AC, and SI 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 two programs: petition management program and the unfair labor practice charges program. In addition to these two programs, the Board provides mediation services and issues declaratory rulings.

Petition Management Program

This program consists of representation cases that can be initiated in several ways. A labor organization seeking recognition as the exclusive bargaining representative of a unit of employees in which no other labor organization has attained recognition rights has two options: request that the employer voluntarily recognize it; or file a representation petition with the Board. If another labor organization is already recognized in accordance with the Act, a representation petition must be filed with the Board.

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

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. This can be accomplished via an election or through a majority interest petition.

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.

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.

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.

Designated Exclusion Petitions (DE cases) are Gubernatorial designations that seek to designate a position as excluded from collective bargaining.

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.

STATE OF ILLINOIS
LABOR RELATIONS BOARD

SERVICE EFFORTS AND ACCOMPLISHMENTS - CONTINUED
(NOT EXAMINED)

For the Two Years Ended June 30, 2013

Petition Management Program (continued)

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.

Declaration of Disinterest Petitions (DD cases) are filed by the labor organization to declare its disinterest in further representation of that bargaining unit.

Strike Investigations (SI cases) are filed by the employer 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 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 see 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 of the dispute.

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.

Various Types of Petition Cases Filed

	Fiscal Year		
	<u>2013</u>	<u>2012</u>	<u>2011</u>
RC Representation/Certification Petition	104	107	148
RM Employer's Representation Petition	-	-	-
VR Voluntary Representation Petition	4	2	6
RD Decertification Petition	5	13	12
DE Designated Exclusion Petition	-	-	-
UC Unit Clarification Representation	59	54	112
AC Petition to Amend Certification	3	1	40
DD Declaration of Disinterest Petition	14	7	19
SI Strike Investigations	-	-	-
Total Representation Cases Filed	<u>189</u>	<u>184</u>	<u>337</u>

Note: Certain 2011 amounts previously reported in the above schedule have been adjusted to conform with the Board's current system of case tracking.

STATE OF ILLINOIS
LABOR RELATIONS BOARD

SERVICE EFFORTS AND ACCOMPLISHMENTS - CONTINUED
(NOT EXAMINED)

For the Two Years Ended June 30, 2013

Declaratory Rulings

Employer and labor organization 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.

Mediation Cases

Upon request, the Board provides mediation/arbitration (MA) services to parties who have reached an impasse in collective bargaining. A roster of mediators and arbitrators is maintained 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 use mediation in the event of impasse, and can only use interest arbitration 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.

	Fiscal Year		
	<u>2013</u>	<u>2012</u>	<u>2011</u>
Mediation/Arbitration Petitions	335	393	401
Grievance Arbitration Requests	<u>20</u>	<u>21</u>	<u>12</u>
Total Mediation/Arbitration Cases	<u><u>355</u></u>	<u><u>414</u></u>	<u><u>413</u></u>

Note: The 2011 amount for Mediation/Arbitration Petitions previously reported in the above schedule has been adjusted to conform with the Board's current system of case tracking.

Unfair Labor Practice Charges Program

Section 10 of the Act prohibits employers and labor organization 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:

Charge Against Employer (CA cases) alleges that an employer has violated one of the provisions under Section 10(a) of the Act.

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

STATE OF ILLINOIS
LABOR RELATIONS BOARD

SERVICE EFFORTS AND ACCOMPLISHMENTS - CONTINUED
(NOT EXAMINED)

For the Two Years Ended June 30, 2013

Unfair Labor Practice Charges Program (continued)

Unfair Labor Practice Charges filed	Fiscal Year		
	<u>2013</u>	<u>2012</u>	<u>2011</u>
CA Charge Against Employer	251	284	294
CB Charge Against Labor Organization	79	86	74
Total Unfair Labor Practice Cases	<u>330</u>	<u>370</u>	<u>368</u>

Note: The 2011 amount for Charge Against Employer previously reported in the above schedule has been adjusted to conform with the Board's current system of case tracking.

Cost per case (based on annual caseload)	Fiscal Year		
	<u>2013</u>	<u>2012</u>	<u>2011</u>
Petition Management Program	275	318	496
Unfair Labor Practice Charges	738	918	956
	<u>1,013</u>	<u>1,236</u>	<u>1,452</u>
Total expenditures	\$ 1,468,084	\$ 1,353,407	\$ 1,520,273
Total expenditures per case load	<u>\$ 1,449</u>	<u>\$ 1,095</u>	<u>\$ 1,047</u>

Note 1: For calculation of cost per case statistics, the Board includes all of the cases worked on during the fiscal year. The statistics provided under the Petition Management Program and the Unfair Labor Practice Charges Program only includes cases initially filed with the Board during the fiscal year. The Board does not incur significant expenses in handling mediation cases and in issuing declaratory rulings.

Note 2: The 2011 amount for total caseload previously reported in the above schedule has been adjusted to conform with the Board's current system of case tracking.