

STATE OF ILLINOIS
LABOR RELATIONS BOARD

COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2015

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, 2015

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STATE OF ILLINOIS
LABOR RELATIONS BOARD

COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2015

AGENCY OFFICIALS

Executive Director

Ms. Melissa Mlynski

Fiscal Officer

Ms. Nicole Hildebrand

General Counsel (Beginning May 1, 2015)

Ms. Kathryn Zeledon Nelson

General Counsel (Through April 30, 2015)

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

December 24, 2015

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

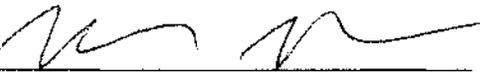
Ladies and Gentlemen:

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, 2015. Based on this evaluation, we assert that during the years ended June 30, 2014 and June 30, 2015, the Labor Relations Board has materially complied with the assertions below.

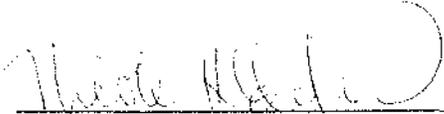
- A. The Labor Relations Board has obligated, expended, received and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Labor Relations Board has obligated, expended, received and used public funds of the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

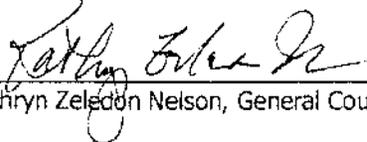
Labor Relations Board



Melissa Mlynski, Executive Director



Nicole Hildebrand, Fiscal Officer



Kathryn Zeledon Nelson, General Counsel

STATE OF ILLINOIS
LABOR RELATIONS BOARD

COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2015

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	2	5
Repeated findings	1	2
Prior recommendations implemented or not repeated	4	4

SCHEDULE OF FINDINGS

Item No.	Page	Description	Finding Type
<u>FINDINGS (STATE COMPLIANCE)</u>			
2015-001	8	Untimely Completion of Performance Evaluations	Significant Deficiency and Noncompliance
2015-002	9	Failure to Appoint a Neutral Chairman	Significant Deficiency and Noncompliance

PRIOR FINDINGS NOT REPEATED

A	10	Inadequate Internal Controls over Accumulated Benefit Time and Related Payouts
B	10	Untimely Deposits of Receipts and Refunds
C	10	Inadequate Disaster Contingency Planning
D	10	Failure to Comply with the Identity Protection Act

STATE OF ILLINOIS
LABOR RELATIONS BOARD

COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2015

COMPLIANCE REPORT

SUMMARY

EXIT CONFERENCE

The Labor Relations Board waived having an exit conference via email correspondence dated December 14, 2015. Responses to the recommendations appearing in this report were provided by Nicole Hildebrand, Fiscal Officer, via email correspondence dated December 24, 2015.

DOEHRING, WINDERS & CO. LLP

Certified Public Accountants

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, 2015. 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, 2015. 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 2015-001 and 2015-002.

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 2015-001 and 2015-002, 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, 2015 and June 30, 2014 in Schedules 1 through 8 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, 2015 and June 30, 2014 accompanying supplementary information in Schedules 1 through 8. However, we do not express an opinion on the accompanying supplementary information.

We have not applied procedures to the June 30, 2013 accompanying supplementary information in Schedules 3 through 6 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
December 24, 2015

STATE OF ILLINOIS
LABOR RELATIONS BOARD

COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2015

CURRENT FINDINGS – STATE COMPLIANCE

2015-001 UNTIMELY COMPLETION OF PERFORMANCE EVALUATIONS

The Illinois Labor Relations Board (Board) did not complete employee performance evaluations in a timely manner in accordance with internal policy and the Illinois Administrative Code.

In our sample of 17 employees, we noted 7 (41%) employees whose most recent performance evaluations were completed from 59 to 163 days late.

The Illinois Labor Relations Board Personnel and Policy Manual, Chapter 2, Section I, requires performance evaluations to be done every 12 months. Further, the Illinois Administrative Code (80 Ill. Adm. Code 302.270) requires performance evaluations to be done not less than annually for certified employees.

Board personnel stated temporary peak workloads prevented them from completing all performance evaluations in accordance with internal policy and the Illinois Administrative Code.

Performance evaluations are a systematic and uniform approach used for the development of employees and communication of performance expectations to employees. Performance evaluations should serve as a foundation for salary adjustments, promotion, demotion, discharge, lay off, recall and reinstatement decisions. It should also be the basis for recognizing contributions and/or identifying weaknesses of employees in the achievement of the Board's mission and goals, in providing prompt and dependable service, and strengthening the employee-supervisor relationship. Failure to ensure all personnel evaluations are submitted timely to Human Resources interferes with the Agency's personnel decision process. (Finding Code No. 2015-001)

RECOMMENDATION

We recommend the Board follow their monitoring and review procedures to ensure performance evaluations are completed in a timely manner.

BOARD RESPONSE

Board personnel will more closely monitor its procedures to ensure performance evaluations are completed in a timely manner.

STATE OF ILLINOIS
LABOR RELATIONS BOARD

COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2015

CURRENT FINDINGS – STATE COMPLIANCE (continued)

2015-002 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 17 of 25 cases (68%), the parties failed to notify the Board of their selection of a neutral chairman within 7 days following the Board's issuance of a list of impartial arbitrators to the parties. In all 17 of these cases, the Board did not 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 request that the Board appoint a neutral chairman when an agreement on a neutral chairman cannot be made. 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. 2015-002, 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 continue to investigate various options to comply with the Act.

STATE OF ILLINOIS
LABOR RELATIONS BOARD

PRIOR FINDINGS NOT REPEATED - STATE COMPLIANCE

For the Two Years Ended June 30, 2015

A Inadequate Internal Controls over Accumulated Benefit Time and Related Payouts

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

The results of our testing indicated the Board established additional review procedures to reduce the likelihood of errors not being detected or corrected in a timely manner on their record of accumulated benefit time. (Finding Code No. 2013-001)

B Untimely Deposits of Receipts and Refunds

The Board did not make deposits in a timely manner.

The results of our testing indicated improved internal controls in this area and disclosed no instances of untimely deposits. (Finding Code No. 2013-002, 11-2, 09-4, 07-8)

C Inadequate Disaster Contingency Planning

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

During the engagement period, the Board transferred control of their critical computer systems to the Department of Central Management Services thereby eliminating the need for a fully developed and tested disaster contingency plan. (Finding Code No. 2013-003)

D Failure to Comply with the Identity Protection Act

The Board failed to implement the provisions of the Identity Protection Act.

The results of our testing indicated the Board established the required policies and training to comply with the provisions of the Identity Protection Act. (Finding Code No. 2013-004)

STATE OF ILLINOIS
LABOR RELATIONS BOARD

COMPLIANCE EXAMINATION

For the Two Years Ended June 30, 2015

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 and Reconciliation 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, 2015 and June 30, 2014 accompanying supplementary information in Schedules 1 through 8. 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 2015
Fourteen Months Ended August 31, 2015

<u>Public Act 98-0679</u> <u>Public Act 99-0001</u>	<u>Appropriations</u> <u>(Net After Transfers)</u>	<u>Expenditures Through</u> <u>June 30, 2015</u>	<u>Lapse Period</u> <u>Expenditures July 1</u> <u>to August 31, 2015</u>	<u>Total Expenditures</u>	<u>Balances Lapsed</u>
<u>APPROPRIATED FUNDS</u>					
<u>GENERAL REVENUE FUND 001</u>					
Personal services	\$ 1,034,700	\$ 993,882	\$ -	\$ 993,882	\$ 40,818
State contributions to Social Security	80,600	72,971	-	72,971	7,629
Contractual services	111,600	90,745	20,464	111,209	391
Travel	7,900	5,810	279	6,089	1,811
Commodities	1,600	738	848	1,586	14
Printing	2,200	1,033	1,101	2,134	66
Equipment	900	-	-	-	900
Electronic data processing	29,700	21,917	7,702	29,619	81
Telecommunications services	26,600	19,691	2,208	21,899	4,701
Total General Revenue Fund	<u>\$ 1,295,800</u>	<u>\$ 1,206,787</u>	<u>\$ 32,602</u>	<u>\$ 1,239,389</u>	<u>\$ 56,411</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 2014
Fourteen Months Ended August 31, 2014

	Appropriations (Net After Transfers)	Expenditures Through June 30, 2014	Lapse Period Expenditures July 1 to August 31, 2014	Total Expenditures	Balances Lapsed
<u>Public Act 098-0064</u>					
<u>APPROPRIATED FUNDS</u>					
<u>GENERAL REVENUE FUND 001</u>					
Personal services	\$ 1,244,000	\$ 1,213,770	\$ 5,013	\$ 1,218,783	\$ 25,217
State contributions to Social Security	95,300	88,566	384	88,950	6,350
Contractual services	132,880	110,662	14,599	125,261	7,619
Travel	16,500	14,875	1,141	16,016	484
Commodities	1,900	1,340	518	1,858	42
Printing	3,670	2,114	1,544	3,658	12
Equipment	1,350	930	406	1,336	14
Electronic data processing	27,500	20,613	6,873	27,486	14
Telecommunications services	36,300	27,515	2,274	29,789	6,511
Total General Revenue Fund	<u>\$ 1,559,400</u>	<u>\$ 1,480,385</u>	<u>\$ 32,752</u>	<u>\$ 1,513,137</u>	<u>\$ 46,263</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		
	2015	2014	2013
	PA 98-0679 PA 99-0001	PA 98-0064	PA 97-0727
<u>APPROPRIATED FUNDS</u>			
<u>General Revenue Fund 001</u>			
Appropriations (net after transfers)	\$ 1,295,800	\$ 1,559,400	\$ 1,559,400
Expenditures			
Personal services	993,882	1,218,783	1,203,927
State contributions to Social Security	72,971	88,950	88,601
Contractual services	111,209	125,261	92,429
Travel	6,089	16,016	10,773
Commodities	1,586	1,858	1,549
Printing	2,134	3,658	3,001
Equipment	-	1,336	2,245
Electronic Data Processing	29,619	27,486	34,345
Telecommunications services	21,899	29,789	31,214
Total Expenditures	<u>1,239,389</u>	<u>1,513,137</u>	<u>1,468,084</u>
Lapsed Balances	\$ <u>56,411</u>	\$ <u>46,263</u>	\$ <u>91,316</u>
Salaries paid from the Comptroller's Executive Salaries Appropriation			
Board chairman	\$ 104,358	\$ 104,358	\$ 103,381
Four state panel board members	372,144	375,704	375,704
Three local panel board members	<u>281,778</u>	<u>281,778</u>	<u>281,928</u>
Total expenditures from Comptroller's Executive Salaries Appropriation	<u>\$ 758,280</u>	<u>\$ 761,840</u>	<u>\$ 761,013</u>

STATE OF ILLINOIS
LABOR RELATIONS BOARD

SCHEDULE 4

SCHEDULE OF CHANGES IN STATE PROPERTY

For the Two Years Ended June 30, 2015

	Equipment
Balance as of July 1, 2013	\$ 218,501
Additions	
Purchases	560
Transfers in	-
Total additions	560
Deductions	
Deletions	-
Transfers out	-
Total deductions	-
Balance as of June 30, 2014	\$ 219,061
Balance as of July 1, 2014	\$ 219,061
Additions	
Purchases	6,022
Transfers in	-
Total additions	6,022
Deductions	
Deletions	7,997
Transfers out	7,298
Total deductions	15,295
Balance as of June 30, 2015	\$ 209,788

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

For the Fiscal Years Ended June 30,

	2015	2014	2013
<u>General Revenue Fund 001</u>			
Copies	\$ -	\$ 44	\$ 21
Miscellaneous	186	1,040	1,245
Total cash receipts per Agency	186	1,084	1,266
Less: Deposits in transit end of year	-	-	-
Plus: Deposits in transit beginning of year	-	-	-
Total cash receipts per State Comptroller	\$ 186	\$ 1,084	\$ 1,266

ANALYSIS OF SIGNIFICANT VARIATIONS
IN EXPENDITURES

For the Two Years Ended June 30, 2015

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 2015 AND 2014

General Revenue Fund (001)

Travel

The appropriation for this line was reduced for Fiscal Year 2015, which resulted in the Board limiting travel expenditures. Additionally, the Board incurred additional travel expenditures during Fiscal Year 2014 for handling Gubernatorial Designation cases.

Telecommunications services

The Board completed a wiring upgrade for the Chicago office which resulted in a significant drop in expenditures for this line item in Fiscal Year 2015.

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2014 AND 2013

Contractual services

During Fiscal Year 2014 the Board held more hearings than in Fiscal Year 2013 which resulted in significantly higher court reporting expenditures. In addition, the Board's expenditures for postage increased by \$10,000 during Fiscal Year 2014. Further, payments made to the Department of Central Management Services increased approximately \$7,100 due to the Board using additional office space and the annual rate increase.

Travel

The Fiscal Year 2014 increase in expenditures was due to the Gubernatorial Designation cases that the Board was charged with handling, which required more traveling for hearings, meetings, and training.

Electronic Data Processing

The Fiscal Year 2014 decrease in expenditures was a result of additional expenditures being incurred in Fiscal Year 2013 to upgrade databases to be compatible with Access 2010.

STATE OF ILLINOIS
LABOR RELATIONS BOARD

SCHEDULE 7

ANALYSIS OF SIGNIFICANT VARIATIONS
IN RECEIPTS

For the Two Years Ended June 30, 2015

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 8

ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Year Ended June 30, 2015

The following are explanations for Fiscal Year 2015 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
Electronic data processing	\$ 29,619	\$ 7,702	26%	The invoices for May and June services provided by the Department of Central Management Services were not received by the Board until after June 30, 2015.

STATE OF ILLINOIS
LABOR RELATIONS BOARD

SCHEDULE 8

ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Year Ended June 30, 2014

The following are explanations for Fiscal Year 2014 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
Electronic Data Processing	\$ 27,486	\$ 6,873	25%	The significant lapse period spending was caused by a combination of receiving invoices after June 30, 2014 and the appropriation line not being sufficient to cover these invoices. Once it had been determined that all invoices had been received, a transfer of funds was completed and the invoices processed.

STATE OF ILLINOIS
LABOR RELATIONS BOARD

AGENCY FUNCTIONS AND PLANNING PROGRAM
(NOT EXAMINED)

For the Two Years Ended June 30, 2015

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 to expeditiously and fairly resolve labor disputes between public employees and employers. The Board is also responsible for determining whether to decertify police officers based on the commission of perjury in a murder case pursuant to Section 6.1 of the Illinois Police Training Act, 50 ILCS 705/6.1 (2004), as amended.

The State Panel consists of a chairman and four members who are appointed by the Governor with the advice and consent of the Senate. Two new members were appointed during the examination period. The members as of June 30, 2015 were:

John J. Hartnett, Chairman
Michael Coli, Member
John R. Samolis, Member
Keith A. Snyder, 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. The members as of June 30, 2015 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 and the Board Chairmen.

STATE OF ILLINOIS
LABOR RELATIONS BOARD

AGENCY FUNCTIONS AND PLANNING PROGRAM - CONTINUED
(NOT EXAMINED)

For the Two Years Ended June 30, 2015

Board Planning Program (continued)

Due to the high volume of cases filed and the Board's decreasing headcount, the Board's emphasis has been on streamlining the process for resolving cases. All Board personnel are involved in identifying and resolving any problem areas in the processing of cases. The Board reviews and monitors its planning program in conjunction with the annual budget preparation and when evaluating its performance measures. Since the Board cannot predict the number of cases that will be filed each year, planning beyond the short term is difficult.

STATE OF ILLINOIS
LABOR RELATIONS BOARD

AVERAGE NUMBER OF EMPLOYEES
(NOT EXAMINED)

For the Two Years Ended June 30, 2015

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>2015</u>	<u>2014</u>	<u>2013</u>
Division			
Executive Director	1	1	1
General Counsel	1	1	1
Administrative Law Judges	6	8	8
Investigators	3	5	4
Administrative and Clerical	<u>5</u>	<u>5</u>	<u>6</u>
Total average full-time employees	<u><u>16</u></u>	<u><u>20</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>7</u>
Total average Board members	<u><u>8</u></u>	<u><u>8</u></u>	<u><u>8</u></u>

Note 1: Employee groupings are based on organizational structure as of June 30, 2015.

STATE OF ILLINOIS
LABOR RELATIONS BOARD

SERVICE EFFORTS AND ACCOMPLISHMENTS
(NOT EXAMINED)

For the Two Years Ended June 30, 2015

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, issues declaratory rulings, and conducts strike investigations.

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, 2015

Petition Management Program (continued)

Petitions to Amend Certification (AC cases) are filed by an exclusive collective bargaining representative or an employer seeking to amend a 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.

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>2015</u>	<u>2014</u>	<u>2013</u>
RC Representation/Certification Petition	121	109	105
RM Employer's Representation Petition	-	-	1
VR Voluntary Representation Petition	1	2	4
RD Decertification Petition	14	8	5
DE Designated Exclusion Petition	-	256	-
UC Unit Clarification Representation	160	88	60
AC Petition to Amend Certification	6	3	3
DD Declaration of Disinterest Petition	<u>10</u>	<u>12</u>	<u>15</u>
Total Representation Cases Filed	<u><u>312</u></u>	<u><u>478</u></u>	<u><u>193</u></u>

Note: Certain 2013 amounts previously reported in the above schedule have been adjusted to conform with the Board's current system of case tracking.

Strike Investigations

Strike investigation 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.

STATE OF ILLINOIS
LABOR RELATIONS BOARD

SERVICE EFFORTS AND ACCOMPLISHMENTS - CONTINUED
(NOT EXAMINED)

For the Two Years Ended June 30, 2015

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>2015</u>	<u>2014</u>	<u>2013</u>
Mediation/Arbitration Petitions	351	348	357
Grievance Arbitration Requests	<u>15</u>	<u>11</u>	<u>20</u>
Total Mediation/Arbitration Cases	<u><u>366</u></u>	<u><u>359</u></u>	<u><u>377</u></u>

Note: The 2013 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, 2015

Unfair Labor Practice Charges Program (continued)

Unfair Labor Practice Charges filed	Fiscal Year		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
CA Charge Against Employer	225	295	256
CB Charge Against Labor Organization	85	69	79
Total Unfair Labor Practice Cases	<u>310</u>	<u>364</u>	<u>335</u>

Note: The 2013 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>2015</u>	<u>2014</u>	<u>2013</u>
Petition Management Program	383	557	286
Unfair Labor Practice Charges	609	697	758
	<u>992</u>	<u>1,254</u>	<u>1,044</u>
Total expenditures	\$ 1,239,389	\$ 1,513,137	\$ 1,468,084
Total expenditures per case load	<u>\$ 1,249</u>	<u>\$ 1,207</u>	<u>\$ 1,406</u>

Note 1: For calculation of cost per case statistics, the Board includes all of the cases processed 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 2013 amount for total caseload previously reported in the above schedule has been adjusted to conform with the Board's current system of case tracking.