

STATE OF ILLINOIS
LABOR RELATIONS BOARD

COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2017

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, 2017

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STATE OF ILLINOIS
LABOR RELATIONS BOARD

COMPLIANCE EXAMINATION
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BOARD OFFICIALS

Executive Director (Beginning January 1, 2017)	Ms. Kimberly F. Stevens
Executive Director (Through December 15, 2016)	Ms. Melissa Mlynski
Chief Fiscal Officer (Beginning November 1, 2017)	Mr. Aaron M. Itulya
Chief Fiscal Officer (Interim) (June 1, 2016 through October 31, 2017)	Mr. Aaron M. Itulya
Chief Fiscal Officer (Through May 31, 2016)	Ms. Nicole Hildebrand
General Counsel (Beginning November 1, 2016)	Ms. Helen J. Kim
Acting General Counsel (October 4, 2016 through October 31, 2016)	Ms. Sarah R. Kerley
General Counsel (Through September 30, 2016)	Ms. Kathryn Zeledon Nelson

Board offices are located at:

801 South 7th Street
Suite 1200A, 12th Floor
Springfield, IL 62703

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



Illinois Labor Relations Board

February 14, 2018

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 State of Illinois, 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 State of Illinois, Labor Relations Board's compliance with the following assertions during the two-year period ended June 30, 2017. Based on this evaluation, we assert that during the years ended June 30, 2016 and June 30, 2017, the State of Illinois, Labor Relations Board has materially complied with the assertions below.

- 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 agency 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.

Yours very truly,

State of Illinois, Labor Relations Board

SIGNED ORIGINAL ON FILE

Kimberly F. Stevens, Executive Director

SIGNED ORIGINAL ON FILE

Aaron M. Itulya, Chief Fiscal Officer

SIGNED ORIGINAL ON FILE

Helen J. Kim, General Counsel

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STATE OF ILLINOIS
LABOR RELATIONS BOARD

COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2017

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

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

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
<u>FINDINGS (STATE COMPLIANCE)</u>			
2017-001	7	Untimely Completion of Performance Evaluations	Significant Deficiency and Noncompliance

PRIOR FINDINGS NOT REPEATED

A 8 Failure to Appoint a Neutral Chairman

EXIT CONFERENCE

The finding and recommendation appearing in this report was discussed with Labor Relations Board personnel at an exit conference on February 13, 2018. Attending were:

Labor Relations Board

Kimberly F. Stevens, Executive Director
Aaron M. Itulya, Chief Fiscal Officer

Office of the Auditor General

Heath W. Woodcock, CPA, Manager

Doehring, Winders & Co. LLP

Matthew B. Clarkson, CPA, Manager

The Board's response to the recommendation was received from Aaron Itulya, in a correspondence dated February 14, 2018.

DOEHRING, WINDERS & CO. LLP
Certified Public Accountants
1601 LAFAYETTE AVENUE
MATTOON, ILLINOIS 61988

Independent Accountant's Report on State Compliance,
on Internal Control over Compliance, and on
Supplementary Information for State Compliance Purposes

Honorable Frank J. Mautino
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, 2017. 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 (the Audit Guide). Those standards, the Act, and the Audit Guide require that we plan and perform the examination to obtain reasonable assurance about whether the State of Illinois, Labor Relations Board complied, in all material respects, with the specified requirements listed above. An examination involves performing procedures to obtain evidence about whether the State of Illinois, Labor Relations Board complied with the specified requirements listed above. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error.

We believe that the evidence we obtained is sufficient and appropriate to provide 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, 2017. However, the results of our procedures disclosed an instance of noncompliance with the requirements, which is required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which is described in the accompanying schedule of findings as item 2017-001.

The State of Illinois, Labor Relations Board's response to the finding identified in our examination is described in the accompanying schedule of findings. The State of Illinois, Labor Relations Board's response was not subjected to the procedures applied in the compliance examination and, accordingly, we express no opinion on the response.

The purpose of this report on compliance is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the Audit Guide issued by the Illinois Office of the Auditor General. Accordingly, this report is not suitable for any other purpose.

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 a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings as item 2017-001, that we consider to be a significant deficiency.

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 response to the internal control finding identified in our examination is described in the accompanying schedule of findings. The State of Illinois, Labor Relations Board's response was not subjected to the procedures applied in the compliance examination and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Audit Guide, issued by the Illinois Office of the Auditor General. Accordingly, this report is not suitable for any other purpose.

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, 2017 and June 30, 2016 in Schedules 1 through 5 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, 2017 and June 30, 2016 accompanying supplementary information in Schedules 1 through 5. However, we do not express an opinion on the accompanying supplementary information.

We have not applied procedures to the June 30, 2015 accompanying supplementary information in Schedules 3 through 5 and in the Analysis of Operations Section, and accordingly, we do not express an opinion or provide any assurance on it.

SIGNED ORIGINAL ON FILE

Mattoon, Illinois
February 14, 2018

STATE OF ILLINOIS
LABOR RELATIONS BOARD

COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2017

CURRENT FINDINGS – STATE COMPLIANCE

2017-001 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 15 employees, we noted 4 (27%) employees whose most recent performance evaluations were completed from 11 to 142 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 Board's personnel decision process. (Finding Code No. 2017-001, 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

The Board accepts the recommendation.

STATE OF ILLINOIS
LABOR RELATIONS BOARD

PRIOR FINDINGS NOT REPEATED - STATE COMPLIANCE

For the Two Years Ended June 30, 2017

A. Failure to Appoint a Neutral Chairman

During the prior examination, a finding was reported by the auditors and accepted by the State of Illinois, Labor Relations Board (Board) for failing to monitor the need to appoint a neutral chairman from the Illinois Public Employees Mediation/Arbitration Roster under the Illinois Labor Relations Act (5 ILCS 315/14(c)).

During the current examination, the Board's new administration provided additional insight and information on the interpretation of the Act. In light of this information, it was determined the Board appeared to have sufficient controls in place to monitor the need to appoint a neutral chairman when the other parties involved fail to notify the Board of their selection of a neutral chairman within 7 days following the receipt of the panel of impartial arbitrators from the Board. (Finding Code No. 2015-002, 2013-005, 11-5, 09-7, 07-11)

STATE OF ILLINOIS
LABOR RELATIONS BOARD

COMPLIANCE EXAMINATION

For the Two Years Ended June 30, 2017

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 Operations (Not Examined):
 - Agency Functions and Planning Program (Not Examined)
 - Analysis of Significant Variations in Expenditures (Not Examined)
 - Analysis of Significant Variations in Receipts (Not Examined)
 - Analysis of Significant Lapse Period Spending (Not Examined)
 - Budget Impasse Disclosures (Not Examined)
 - Alternative Financing in Lieu of Appropriations and Programs to Address Untimely Payments to Vendors (Not Examined)
 - Interest Costs on Invoices (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 the accountants have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the June 30, 2017 and June 30, 2016 accompanying supplementary information in Schedules 1 through 5. 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

Expenditure Authority for Fiscal Year 2017
Fifteen Months Ended September 30, 2017

<u>Public Act 99-0524</u> <u>Public Act 100-0021 and</u> <u>Court-Ordered Expenditures</u>	<u>Expenditure Authority</u> <u>(Net After Transfers)</u>	<u>Expenditures Through</u> <u>June 30, 2017</u>	<u>Lapse Period</u> <u>Expenditures July 1</u> <u>to September 30, 2017</u>	<u>Total Expenditures</u>	<u>Balances Lapsed</u>
<u>APPROPRIATED FUNDS</u>					
<u>GENERAL REVENUE FUND 001</u>					
Operational expenses		\$ 928,634	\$ -	\$ 928,634	
Total General Revenue Fund		928,634	-	928,634	
<u>BUDGET STABILIZATION FUND 686</u>					
Ordinary and contingent expenses	\$ 100,000	54,054	45,946	\$ 100,000	-
Total Budget Stabilization Fund	100,000	54,054	45,946	100,000	-
GRAND TOTAL - ALL FUNDS	\$ 100,000	\$ 982,688	\$ 45,946	\$ 1,028,634	\$ -

Note 1: Expenditure authority, appropriations, expenditures and lapsed balances were obtained from the Office of the State Comptroller's records as of September 30, 2017 and have been reconciled to Board records.

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.

Note 3: The Circuit Court of St. Clair County in *AFSCME Council 31 v. Munger* (15 CH 475) ordered the State Comptroller, in the absence of enacted annual appropriations, to "draw and issue warrants accomplishing payment of wages [for all State employees] at their normal rates of pay." As the Board never received enacted personal services appropriations for Fund 001, the Board was able to submit vouchers to pay its employees in full without a maximum expenditure limit for personal service costs during Fiscal Year 2017.

SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES

Expenditure Authority for Fiscal Year 2017
Fifteen Months Ended September 30, 2017

Note 4: Public Act 99-524 authorized the Board to pay Fiscal Year 2016 costs using its Fiscal Year 2017 appropriations for non-payroll expenditures. The Analysis of Operations section of this report at page 23 includes information from Board management about the number of invoices and the total dollar amount of invoices held by the Board submitted against its Fiscal Year 2017 appropriation.

Note 5: Notwithstanding anything within Public Act 100-0021 to the contrary, Public Act 100-0021 authorized the Board to pay for all costs incurred prior to July 1, 2018, using either its Fiscal Year 2017 or Fiscal Year 2018 appropriations for non-payroll expenditures. The Analysis of Operations section of this report at page 23 includes information from Board management about the number of invoices and the total dollar amount of invoices from Fiscal Year 2016 and Fiscal Year 2017 held by the Board to be submitted against either its Fiscal Year 2017 or Fiscal Year 2018 appropriation.

STATE OF ILLINOIS
LABOR RELATIONS BOARD

SCHEDULE 2

SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES

Expenditure Authority for Fiscal Year 2016
Fourteen Months Ended August 31, 2016

<u>Court-Ordered Expenditures</u>	<u>Expenditure Authority (Net After Transfers)</u>	<u>Expenditures Through June 30, 2016</u>	<u>Lapse Period Expenditures July 1 to August 31, 2016</u>	<u>Total Expenditures</u>	<u>Balances Lapsed</u>
<u>APPROPRIATED FUNDS</u>					
<u>GENERAL REVENUE FUND 001</u>					
Operational expenses		\$ 1,031,867	\$ -	\$ 1,031,867	
Total General Revenue Fund		\$ 1,031,867	\$ -	\$ 1,031,867	

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Note 1: Expenditure authority, appropriations, expenditures and lapsed balances were obtained from the Office of the State Comptroller's records as of September 30, 2016 and have been reconciled to Board records.

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.

Note 3: The Circuit Court of St. Clair County in *AFSCME Council 31 v. Munger* (15 CH 475) ordered the State Comptroller, in the absence of enacted annual appropriations, to "draw and issue warrants accomplishing payment of wages [for all State employees] at their normal rates of pay." As the Board never received enacted personal services appropriations for Fund 001, the Board was able to submit vouchers to pay its employees in full without a maximum expenditure limit for personal service costs during Fiscal Year 2016. Further, the Board incurred non-payroll obligations, which the Board was unable to pay until the passage of Public Act 99-0524.

Note 4: Public Act 99-524 authorized the Board to pay Fiscal Year 2016 costs using its Fiscal Year 2017 appropriations for non-payroll expenditures. The Analysis of Operations section of this report at page 23 includes information from Board management about the number of invoices and the total dollar amount of invoices held by the Board submitted against its Fiscal Year 2017 appropriation.

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		
	2017	2016	2015
	PA 99-0524		
	PA 100-0021		
	Court-Ordered Expenditures	Court-Ordered Expenditures	PA 98-0679 PA 99-0001
<u>APPROPRIATED FUNDS</u>			
<u>General Revenue Fund 001</u>			
Appropriations (net after transfers)			\$ 1,295,800
Expenditures			
Operational expenses	\$ 928,634	\$ 1,031,867	-
Personal services	-	-	993,882
State contributions to Social Security	-	-	72,971
Contractual services	-	-	111,209
Travel	-	-	6,089
Commodities	-	-	1,586
Printing	-	-	2,134
Electronic data processing	-	-	29,619
Telecommunications services	-	-	21,899
Total Expenditures	\$ 928,634	\$ 1,031,867	1,239,389
Lapsed Balances			\$ 56,411
<u>Budget Stabilization Fund 686</u>			
Appropriations (net after transfers)	\$ 100,000	\$ -	\$ -
Expenditures			
Ordinary and contingent expenses	100,000	-	-
Total Expenditures	100,000	-	-
Lapsed Balances	\$ -	\$ -	\$ -
<u>Grand Total - All Appropriated Funds</u>			
Appropriations (net after transfers)	\$ 100,000	\$ -	\$ 1,295,800
Expenditures	\$ 1,028,634	\$ 1,031,867	\$ 1,239,389
Lapsed Balances	\$ -	\$ -	\$ 56,411

The comparative schedule of net appropriations, expenditures, and lapsed balances does not include State Officer's salaries paid by the Office of the State Comptroller. For the years ended June 30, 2017, 2016, and 2015, State Officer's salaries were as follows:

COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES

For the Fiscal Years Ended June 30,

	Fiscal Year		
	2017	2016	2015
	PA 100-0021	Court-Ordered Expenditures	PA 98-0679
Salaries paid from the Comptroller's Executive Salaries Appropriation			
Board chairman	\$ 104,358	\$ 104,358	\$ 104,358
Four state panel board members	376,111	375,704	372,144
Three (two in 2017) local panel board members	197,995	281,778	281,778
Total expenditures from Comptroller's Executive Salaries Appropriation	<u>\$ 678,464</u>	<u>\$ 761,840</u>	<u>\$ 758,280</u>

Note 1: For Fiscal Year 2017 and Fiscal Year 2016, expenditure authority, appropriations, expenditures and lapsed balances were obtained from the Office of the State Comptroller's records as of September 30, 2017 and September 30, 2016, respectively, and have been reconciled to Board records. For Fiscal Year 2015, 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.

Note 3: The Circuit Court of St. Clair County in *AFSCME Council 31 v. Munger* (15 CH 475) ordered the State Comptroller, in the absence of enacted annual appropriations, to "draw and issue warrants accomplishing payment of wages [for all State employees] at their normal rates of pay." As the Board never received enacted personal services appropriations for Fund 001, the Board was able to submit vouchers to pay its employees in full without a maximum expenditure limit for personal service costs during Fiscal Year 2016 and Fiscal Year 2017. Further, in Fiscal Year 2016, the Board incurred non-payroll obligations, which the Board was unable to pay until the passage of Public Act 99-0524.

Note 4: Public Act 99-524 authorized the Board to pay Fiscal Year 2016 costs using its Fiscal Year 2017 appropriations for non-payroll expenditures. The Analysis of Operations section of this report at page 23 includes information from Board management about the number of invoices and the total dollar amount of invoices held by the Board submitted against its Fiscal Year 2017 appropriation.

Note 5: Notwithstanding anything within Public Act 100-0021 to the contrary, Public Act 100-0021 authorized the Board to pay for all costs incurred prior to July 1, 2018, using either its Fiscal Year 2017 or Fiscal Year 2018 appropriations for non-payroll expenditures. The Analysis of Operations section of this report at page 23 includes information from Board management about the number of invoices and the total dollar amount of invoices from Fiscal Year 2016 and Fiscal Year 2017 held by the Board to be submitted against either its Fiscal Year 2017 or Fiscal Year 2018 appropriation.

STATE OF ILLINOIS
LABOR RELATIONS BOARD

SCHEDULE 4

SCHEDULE OF CHANGES IN STATE PROPERTY

For the Two Years Ended June 30, 2017

	Equipment
Balance as of July 1, 2015	\$ 209,788
Additions	
Purchases	-
Transfers in	-
Total additions	-
Deductions	
Deletions	42,738
Transfers out	-
Total deductions	42,738
Balance as of June 30, 2016	\$ 167,050
Balance as of July 1, 2016	\$ 167,050
Additions	
Purchases	129
Transfers in	-
Total additions	129
Deductions	
Deletions	75,007
Transfers out	14,808
Total deductions	89,815
Balance as of June 30, 2017	\$ 77,364

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,

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>General Revenue Fund 001</u>			
Jury duty	\$ 17	\$ -	\$ -
Prior year refunds	-	-	186
Total cash receipts per Board	<u>17</u>	<u>-</u>	<u>186</u>
Less: Deposits in transit end of year	17	-	-
Plus: Deposits in transit beginning of year	-	-	-
Total cash receipts per State Comptroller	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 186</u></u>

STATE OF ILLINOIS
LABOR RELATIONS BOARD

AGENCY FUNCTIONS AND PLANNING PROGRAM
(NOT EXAMINED)

For the Two Years Ended June 30, 2017

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 Labor Relations Board (Board). The fiscal operations and appropriations of both were consolidated.

The Illinois Public Labor Relations Act sets forth the rules, regulations, and procedures for labor relations and collective bargaining between public employers and employees in Illinois. The Act regulates the designation of employee representatives; the negotiation of wages, hours, and other conditions of employment; and the resolution of disputes arising under collective bargaining 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. One new member was appointed during the examination period. The members as of June 30, 2017 were:

John J. Hartnett, Chairman
Michael Coli, Member
Kathryn Zeledon Nelson, Member
John R. Samolis, Member
Keith A. Snyder, 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. There were no new members appointed during the examination period. The position for the member appointed by the Mayor of Chicago was vacant as of June 30, 2017. The members as of June 30, 2017 were:

Robert M. Gierut, Chairman
Charles E. Anderson, 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 Chief 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, 2017

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

ANALYSIS OF SIGNIFICANT VARIATIONS
IN EXPENDITURES
(NOT EXAMINED)

For the Two Years Ended June 30, 2017

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 2017 AND 2016

Budget Stabilization Fund (686)

Ordinary and contingent expenses

For Fiscal Year 2017 only, the Board received an appropriation of \$100,000 from the Budget Stabilization Fund to pay for expenses, excluding personal services expenses, incurred through June 30, 2017.

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2016 AND 2015

General Revenue Fund (001)

Personal services
State contributions to Social Security
Contractual services
Travel
Electronic data processing
Telecommunications services

Beginning with Fiscal Year 2016, the amount of spending authority for operational expenses increased because the Board received funds via court-order to cover personal services expenses instead of through an enacted appropriation. The Board did not receive an appropriation in Fiscal Year 2016 to cover personal services, state contributions to Social Security, contractual services, travel, commodities, printing, equipment, electronic data processing, and telecommunications services.

STATE OF ILLINOIS
LABOR RELATIONS BOARD

ANALYSIS OF SIGNIFICANT VARIATIONS
IN RECEIPTS
(NOT EXAMINED)

For the Two Years Ended June 30, 2017

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

ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
(NOT EXAMINED)

For the Year Ended June 30, 2017

The following are explanations for Fiscal Year 2017 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
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General Revenue Fund

Significant lapse period spending did not occur in the General Revenue Fund during Fiscal Year 2017.

Budget Stabilization Fund

Ordinary and contingent expenses	\$ 100,000	\$ 45,946	46%	The significant lapse period spending occurred because the Board wanted to pay all non-State government vendors before processing bills due to other State agencies and exhausting the amount appropriated to the Budget Stabilization Fund. The Board's expenditure authority under PA 99-0524, for the Budget Stabilization Fund, initially only included costs incurred through December 31, 2016. On July 6, 2017, PA 100-0021, extended the Board's expenditure authority for the Budget Stabilization Fund to include costs incurred through June 30, 2017. Once the Board's expenditure authority was extended it began paying down its backlog of bills.
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STATE OF ILLINOIS
LABOR RELATIONS BOARD

ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
(NOT EXAMINED)

For the Year Ended June 30, 2016

The following are explanations for Fiscal Year 2016 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
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General Revenue Fund

Significant lapse period spending did not occur in the General Revenue Fund during Fiscal Year 2016.

STATE OF ILLINOIS
LABOR RELATIONS BOARD

BUDGET IMPASSE DISCLOSURES
(NOT EXAMINED)

For the Two Years Ended June 30, 2017

Payment of Prior Year Costs in Future Fiscal Years

Article 74 of Public Act 99-0524 authorized the Board to pay Fiscal Year 2016 costs using the Board's Fiscal Year 2017 appropriations for non-payroll expenditures. In addition, Article 998 of Public Act 100-0021 authorized the Board to pay its unpaid Fiscal Year 2016 and Fiscal Year 2017 costs using either the Board's Fiscal Year 2017 or Fiscal Year 2018 appropriations for non-payroll expenditures. The following chart shows the Board's plan to pay its prior costs using future appropriations:

FISCAL YEAR 2016 INVOICES

Fund #	Fund Name	Paid From Fiscal Year 2017 Appropriations		Expect Payment From Fiscal Year 2018 Appropriations	
		Number	Dollar Value	Number	Dollar Value
001	General Revenue Fund	-	\$ -	3	\$ 23,195
686	Budget Stabilization Fund	107	30,239	-	-
		107	\$ 30,239	3	\$ 23,195

FISCAL YEAR 2017 INVOICES

Fund #	Fund Name	Paid From Fiscal Year 2017 Appropriations		Expect Payment From Fiscal Year 2018 Appropriations	
		Number	Dollar Value	Number	Dollar Value
001	General Revenue Fund	-	\$ -	32	\$ 110,423
686	Budget Stabilization Fund	129	69,761	-	-
		129	\$ 69,761	32	\$ 110,423

STATE OF ILLINOIS
LABOR RELATIONS BOARD

ALTERNATIVE FINANCING IN LIEU OF APPROPRIATIONS AND
PROGRAMS TO ADDRESS UNTIMELY PAYMENTS TO VENDORS
(NOT EXAMINED)

For the Two Years Ended June 30, 2017

Transactions Involving the Illinois Finance Authority

The Board and its vendors did not participate in alternative financing in lieu of enacted appropriations involving the Illinois Finance Authority during Fiscal Year 2016 and Fiscal Year 2017.

Transactions Involving the Vendor Payment Program and Vendor Support Initiative Program

None of the Board's vendors participated in the Vendor Payment Program (VPP) or the Vendor Support Initiative Program (VSI) during Fiscal Year 2016 and Fiscal Year 2017.

STATE OF ILLINOIS
LABOR RELATIONS BOARD

INTEREST COSTS ON INVOICES
(NOT EXAMINED)

For the Two Years Ended June 30, 2017

Prompt Payment Interest Costs:

The Board calculated prompt payment interest due to vendors under the State Prompt Payment Act (Act) (30 ILCS 540) using the vendor's proper bill date through the date the State Comptroller issues a warrant to the vendor, regardless of when and if an enacted appropriation existed during Fiscal Year 2016 and Fiscal Year 2017. The Act (30 ILCS 540/3-2) and the Illinois Administrative Code (74 Ill. Admin. Code 900.100) require interest to be paid under a daily simple interest rate of .033% (1% over a 30-day period) for every day elapsed following the 90th day after a vendor submits an eligible proper bill to the Board. The following chart shows the Board's prompt payment interest incurred related to Fiscal Year 2016 and Fiscal Year 2017 invoices, calculated on the accrual basis of accounting, through June 30, 2016 and June 30, 2017, by fund:

Prompt Payment Interest Incurred

Year Ended June 30, 2016

<u>Fund #</u>	<u>Fund Name</u>	<u>Invoices</u>	<u>Vendors</u>	<u>Dollar Value</u>
686	Budget Stabilization Fund	52	16	\$ 845

Prompt Payment Interest Incurred

Year Ended June 30, 2017

<u>Fund #</u>	<u>Fund Name</u>	<u>Invoices</u>	<u>Vendors</u>	<u>Dollar Value</u>
686	Budget Stabilization Fund	13	9	\$ 54

STATE OF ILLINOIS
LABOR RELATIONS BOARD

AVERAGE NUMBER OF EMPLOYEES
(NOT EXAMINED)

For the Two Years Ended June 30, 2017

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>2017</u>	<u>2016</u>	<u>2015</u>
Division			
Executive Director	1	1	1
General Counsel	1	1	1
Chief Fiscal Officer	1	1	1
Personnel Officer	1	1	1
Administrative Law Judges	5	5	6
Investigators	3	3	3
Administrative and Clerical	<u>2</u>	<u>3</u>	<u>3</u>
Total average full-time employees	<u><u>14</u></u>	<u><u>15</u></u>	<u><u>16</u></u>
Paid from Comptroller's Executive			
Salaries Appropriation			
Board Chairman	1	1	1
Board Members	<u>6</u>	<u>7</u>	<u>7</u>
Total average Board members	<u><u>7</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, 2017, which necessitated restating 2015 amounts to reflect the June 30, 2017, organizational structure.

STATE OF ILLINOIS
LABOR RELATIONS BOARD

SERVICE EFFORTS AND ACCOMPLISHMENTS
(NOT EXAMINED)

For the Two Years Ended June 30, 2017

The Illinois Public Labor Relations Act (Act) (5 ILCS 315) created a process whereby two general types of cases are filed: representation cases (RC, RM, VR, RD, UC, DD, AC, and SI case categories) which determine what union, if any, will represent employees in specified bargaining units, and unfair labor practice charges (CA and CB case categories) 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.

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.

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.

STATE OF ILLINOIS
LABOR RELATIONS BOARD

SERVICE EFFORTS AND ACCOMPLISHMENTS - CONTINUED
(NOT EXAMINED)

For the Two Years Ended June 30, 2017

Petition Management Program (continued)

Sometimes questions of representation must first be resolved through the hearing process which ends in an Administrative Law Judge's Recommended Decision or a 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>2017</u>	<u>2016</u>	<u>2015</u>
RC Representation/Certification Petition	83	102	121
RM Employer's Representation Petition	-	-	-
VR Voluntary Recognition Petition	-	5	1
RD Decertification Petition	17	2	14
UC Unit Clarification Petition	119	69	160
AC Petition to Amend Certification	8	6	9
DD Declaration of Disinterest Petition	<u>16</u>	<u>7</u>	<u>10</u>
Total Representation Cases Filed	<u><u>243</u></u>	<u><u>191</u></u>	<u><u>315</u></u>

Note: The 2015 amount for Petitions to Amend Certifications as previously reported has been adjusted to reflect changes made by the Board.

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 seek to enjoin the work stoppage in a manner that would eliminate the danger. When employees have been enjoined from striking pursuant to this procedure, interest arbitration is used to resolve the issues of the dispute.

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.

STATE OF ILLINOIS
LABOR RELATIONS BOARD

SERVICE EFFORTS AND ACCOMPLISHMENTS - CONTINUED
(NOT EXAMINED)

For the Two Years Ended June 30, 2017

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		
	2017	2016	2015
Mediation/Arbitration Petitions	315	291	379
Grievance Arbitration Requests	25	12	14
Total Mediation/Arbitration Cases	340	303	393

Note: The 2015 amount for total caseload for Mediation/Arbitration Petitions and Grievance Arbitration Requests as previously reported has been adjusted to reflect changes made by the Board.

Unfair Labor Practice Charges Program

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

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.

		Fiscal Year		
		2017	2016	2015
Unfair Labor Practice Charges filed				
CA	Charge Against Employer	210	232	225
CB	Charge Against Labor Organization	69	90	85
	Total Unfair Labor Practice Cases	279	322	310

STATE OF ILLINOIS
LABOR RELATIONS BOARD

SERVICE EFFORTS AND ACCOMPLISHMENTS - CONTINUED
(NOT EXAMINED)

For the Two Years Ended June 30, 2017

Cost per case (based on annual caseload)	Fiscal Year		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Petition Management Program	301	276	387
Unfair Labor Practice Charges	<u>593</u>	<u>596</u>	<u>604</u>
	<u>894</u>	<u>872</u>	<u>991</u>
Total expenditures	\$ 1,028,634	\$ 1,031,867	\$ 1,239,389
Total expenditures per case load	<u>\$ 1,151</u>	<u>\$ 1,183</u>	<u>\$ 1,251</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 2015 amount for total caseload for the Petition Management Program and Unfair Labor Practice Charges as previously reported has been adjusted to reflect changes made by the Board.