

**STATE OF ILLINOIS
EDUCATIONAL LABOR RELATIONS BOARD
COMPLIANCE EXAMINATION**

For the Two Years Ended June 30, 2013

STATE OF ILLINOIS
 EDUCATIONAL LABOR RELATIONS BOARD
 COMPLIANCE EXAMINATION
 For the Two Years Ended June 30, 2013

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STATE OF ILLINOIS
EDUCATIONAL LABOR RELATIONS BOARD
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BOARD OFFICIALS

Executive Director	Victor E. Blackwell
Special Counsel	John F. Brosnan
General Counsel	Helen Higgins
Fiscal Officer	Cindy Handy

BOARD MEMBERS

Chair	Lynne O. Sered
Member	Ronald F. Ettinger
Member	Gilbert F. O'Brien Jr.
Member	Michael H. Prueter
Member	Michael Smith

Board offices are located at:

One Natural Resources Way
Springfield, IL 62702

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



ILLINOIS EDUCATIONAL LABOR RELATIONS BOARD

MANAGEMENT ASSERTION LETTER

December 20, 2013

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

Dear Mr. Holland:

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 Illinois Educational Labor Relations Board (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 Board's compliance with the following assertions during the two-year period ended June 30, 2013. Based on this evaluation, we assert that during the years ended June 30, 2012 and June 30, 2013, the Board has materially complied with the assertions below.

- A. The 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 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 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 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.

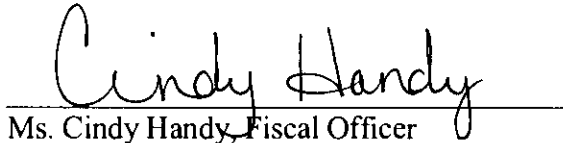
E. Money or negotiable securities or similar assets handled by the Board on behalf of the State or held in trust by the Board have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

Yours very truly,

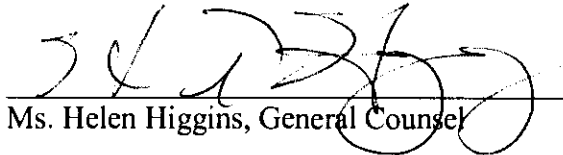
Educational Labor Relations Board



Mr. Victor E. Blackwell, Executive Director



Ms. Cindy Handy, Fiscal Officer



Ms. Helen Higgins, General Counsel

STATE OF ILLINOIS
 EDUCATIONAL LABOR RELATIONS BOARD
 COMPLIANCE EXAMINATION
 For the Two Years Ended June 30, 2013

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

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (STATE COMPLIANCE)			
2013-001	9	Failure to employ required staff	Significant Deficiency and Noncompliance
2013-002	10	Inadequate segregation of duties	Significant Deficiency and Noncompliance
2013-003	12	Inadequate controls over equipment	Significant Deficiency and Noncompliance
2013-004	14	Identity protection policy	Significant Deficiency and Noncompliance

EXIT CONFERENCE

The Board waived an exit conference in correspondence dated December 4, 2013.

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OFFICE OF THE AUDITOR GENERAL
WILLIAM G. HOLLAND

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

We have examined the State of Illinois, Educational Labor Relations Board's (Board) compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the two years ended June 30, 2013. The management of the Board is responsible for compliance with these requirements. Our responsibility is to express an opinion on the Board's compliance based on our examination.

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

In our opinion, the Board complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the two years ended June 30, 2013. However, the results of our procedures disclosed instances of noncompliance with the requirements, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of findings as items 2013-001, 2013-002, 2013-003, and 2013-004.

Internal Control

Management of the 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 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 Board's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the requirements listed in the first paragraph of this report on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a requirement listed in the first paragraph of this report will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal

control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings as items 2013-001, 2013-002, 2013-003, and 2013-004, 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.

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

Supplementary Information for State Compliance Purposes

Our examination was conducted for the purpose of forming an opinion on compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information for the years ended June 30, 2013 and June 30, 2012 in Schedules 1 through 9 and the Analysis of Operations Section is presented for purposes of additional analysis. We have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the June 30, 2013 and June 30, 2012 accompanying supplementary information in Schedules 1 through 9. However, we do not express an opinion on the accompanying supplementary information.

We have not applied procedures to the June 30, 2011 accompanying supplementary information in Schedules 3 through 8 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, Board management, and the members of the Educational Labor Relations Board, and is not intended to be and should not be used by anyone other than these specified parties.



Bruce L. Bullard, CPA
Director of Financial and Compliance Audits

Springfield, Illinois

December 20, 2013

STATE OF ILLINOIS
EDUCATIONAL LABOR RELATIONS BOARD
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2013

2013-001. **FINDING** (Failure to employ required staff)

The Educational Labor Relations Board (Board) did not employ the minimum number of staff as required by the Educational Labor Relations Act (Act).

The Board did not employ the required minimum number of attorneys and investigators. The Act (115 ILCS 5/5(f)) requires the Board to employ a minimum of eight attorneys and five investigators. The Board employed six attorneys and two investigators from July 1, 2011 through April 30, 2013. As of May 1, 2013, the Board employed six attorneys and one investigator due to the retirement of one employee.

Board management stated they lack funding to employ the required number of attorneys and investigators.

Failure to employ the required number of attorneys and investigators is noncompliance with the Act. (Finding Code No. 2013-001, 11-1)

RECOMMENDATION

We recommend the Board comply with the Act's requirements for attorneys and investigators or seek legislative remedy to the statutory requirements.

BOARD RESPONSE

The Board agrees with this finding, however 115 ILCS 5/5 (f) states that the requirement for hiring is, "subject to the annual appropriation by the General Assembly". To date, no funds have been appropriated to hire additional staff.

STATE OF ILLINOIS
EDUCATIONAL LABOR RELATIONS BOARD
SCHEDULE OF FINDINGS

For the Two Years Ended June 30, 2013

2013-002. **FINDING** (Inadequate segregation of duties)

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

During our testing, we noted the following:

- One person had the authority to prepare and approve vouchers, maintain accounting records, enter transactions into the accounting system, and perform monthly reconciliations.
- One person had the authority to approve all property purchases, tag all inventory, maintain the property records, and complete the quarterly reports of State property.
- One person had the authority to prepare payroll, make adjustments to payroll, approve payroll, and distribute payroll stubs.
- One person had the authority to prepare receipts, deposit receipts, and maintain the receipts ledger.

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

Board management stated the inadequate segregation of duties finding continues because the Board has no authorized headcount or funding to hire an assistant fiscal officer/accountant.

A lack of adequate segregation of duties increases the likelihood that a loss from errors or irregularities could occur and would not be found in the normal course of employees carrying out their assigned duties. (Finding Code No. 2013-002, 11-2, 09-3, 07-2)

RECOMMENDATION

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

STATE OF ILLINOIS
EDUCATIONAL LABOR RELATIONS BOARD
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2013

BOARD RESPONSE

The Board agrees with this finding, however the inadequate segregation of duties finding continues because the Board has no authorized headcount or funding to hire an assistant fiscal officer or accountant.

STATE OF ILLINOIS
EDUCATIONAL LABOR RELATIONS BOARD
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2013

2013-003. **FINDING** (Inadequate controls over equipment)

The Educational Labor Relations Board (Board) did not maintain sufficient controls over the recording and reporting of its State property.

During testing we noted the following:

- The Board did not accurately identify and/or transfer obsolete or unused items in the Board's Chicago office to the Department of Central Management Services (CMS).
 - The auditors noted 29 items, totaling \$20,854, including computers, monitors, speakers, and printers, which appeared to be unused or obsolete. Upon inquiry, the Board stated some of these items were kept as back up or awaiting repairs and replacement, while the rest of the 29 items were actually obsolete. Items that are obsolete, damaged or no longer used in operations should be identified and if necessary, removed from property records. As of the date of testing, the Board had not taken any steps to notify CMS of these transferrable items.
 - Three of the 29 (10%) unused or obsolete items, totaling \$297, did not trace to the Board's property list. Two of these items were not included on the property listing, and one of these items was labeled with the incorrect tag number.
 - Two of the 29 (7%) unused or obsolete items did not have tag numbers.

The Illinois Administrative Code (44 Ill. Admin Code 5010.620) requires that the Board regularly survey its inventory for transferable equipment and report any transferable equipment to CMS.

- Two of 54 (4%) equipment items tested were found within the Board's offices but were not recorded on the Board's property listing.
- Two of 40 (5%) equipment items tested, totaling \$542, were on the Board's property listing but could not be located within the Board's office.
- The Board's FY12 1st, 2nd, and 3rd quarter Agency Reports of State Property (C-15s) were underreported by \$804 as a result of an item being mistakenly removed from the Board's Property Listing.

The State Property Control Act (30 ILCS 605/4) requires every responsible

STATE OF ILLINOIS
EDUCATIONAL LABOR RELATIONS BOARD
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2013

officer of State government to be accountable for the supervision, control, and inventory of all items under their jurisdiction. The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Board establish and maintain internal fiscal and administrative controls to provide assurance resources applicable to operations are properly recorded and accounted for to permit the preparation of reliable financial and statistical reports and to maintain accountability over the State's resources.

Board management stated the issues noted above were due to human error.

Failure to maintain accurate property control records increases the potential for fraud and possible loss or theft of State property. (Finding Code No. 2013-003)

RECOMMENDATION

We recommend the Board establish controls over property reporting and implement procedures to ensure:

- Obsolete and/or unused items are accurately identified and transferred to CMS; and
- The Board's property listing and C-15 reports accurately reflect items in the Board's possession.

BOARD RESPONSE

The Board agrees with this finding. The Board will begin the process of transferring obsolete and unused items to CMS and will maintain better control over equipment.

STATE OF ILLINOIS
EDUCATIONAL LABOR RELATIONS BOARD
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2013

2013-004. **FINDING** (Identity protection policy)

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

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

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

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

Board management stated they did not issue an identity-protection policy due to oversight.

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

RECOMMENDATION

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

STATE OF ILLINOIS
EDUCATIONAL LABOR RELATIONS BOARD
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2013

BOARD RESPONSE

The Board agrees with this finding. The agency's Identity Protection Policy has since been developed, approved by management and will be published in the Board's Annual Report and employee handbook.

STATE OF ILLINOIS
EDUCATIONAL LABOR RELATIONS BOARD
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2013

SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

SUMMARY

Supplementary Information for State Compliance Purposes presented in this section of the report includes the following:

- Fiscal Schedules and Analysis:
 - Schedule of Appropriations, Expenditures and Lapsed Balances
 - Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
 - Schedule of Changes in State Property
 - Comparative Schedule of Cash Receipts
 - Reconciliation Schedule of Cash Receipts to Deposits Remitted to the State Comptroller
 - Analysis of Significant Variations in Expenditures
 - Analysis of Significant Variations in Receipts
 - Analysis of Significant Lapse Period Spending

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

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

SCHEDULE 1

STATE OF ILLINOIS
EDUCATIONAL LABOR RELATIONS BOARD
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
Appropriations for Fiscal Year 2013

Fourteen Months Ended August 31, 2013

	Appropriations (Net After Transfers)	Expenditures Through 6/30/13	Lapse Period		Balances Lapsed
			Expenditures 7/1 - 8/31/13	Total Expenditures	
Public Act 97-0728					
APPROPRIATED FUND					
GENERAL REVENUE FUND - 001					
Personal Services	\$ 818,300	\$ 770,127	\$ 32,076	\$ 802,203	\$ 16,097
State Contributions to Social Security	62,600	55,867	2,316	58,183	4,417
Contractual Services	124,700	80,629	19,607	100,236	24,464
Travel	9,700	7,641	1,961	9,602	98
Commodities	4,900	1,574	3,293	4,867	33
Printing	1,800	345	1,447	1,792	8
Equipment	500	344	150	494	6
Electronic Data Processing	1,300	665	477	1,142	158
Telecommunications Services	12,300	9,254	3,034	12,288	12
Operation of Automotive Equipment	1,700	1,428	181	1,609	91
Subtotal - Fund 001	<u>\$ 1,037,800</u>	<u>\$ 927,874</u>	<u>\$ 64,542</u>	<u>\$ 992,416</u>	<u>\$ 45,384</u>
NON-APPROPRIATED FUND					
FAIR SHARE TRUST FUND - 996					
Subtotal - Fund 996		<u>\$ 27,894</u>	<u>\$ -</u>	<u>\$ 27,894</u>	
GRAND TOTAL, ALL FUNDS		<u>\$ 955,768</u>	<u>\$ 64,542</u>	<u>\$ 1,020,310</u>	

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

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

SCHEDULE 2

STATE OF ILLINOIS
EDUCATIONAL LABOR RELATIONS BOARD
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
Appropriations for Fiscal Year 2012

Eighteen Months Ended December 31, 2012

Public Acts 97-0061 & 97-0642	Appropriations		Lapse Period		Total Expenditures	Balances Lapsed
	(Net After Transfers)	Expenditures Through 6/30/12	Expenditures 7/01 - 12/31/12	Expenditures		
APPROPRIATED FUND						
GENERAL REVENUE FUND - 001						
Personal Services	\$ 823,200	\$ 739,261	\$ 35,343	\$ 774,604	\$ 48,596	
State Contributions to Social Security	63,200	53,866	2,561	56,427	6,773	
Contractual Services	115,900	86,528	9,584	96,112	19,788	
Travel	10,400	7,645	2,665	10,310	90	
Commodities	3,446	1,376	2,069	3,445	1	
Printing	2,000	1,072	919	1,991	9	
Equipment	818	344	451	795	23	
Electronic Data Processing	9,097	7,999	1,097	9,096	1	
Telecommunications Services	13,487	10,515	2,591	13,106	381	
Operation of Automotive Equipment	1,752	1,152	600	1,752	-	
Subtotal - Fund 001	\$ 1,043,300	\$ 909,758	\$ 57,880	\$ 967,638	\$ 75,662	
NON-APPROPRIATED FUND						
FAIR SHARE TRUST FUND - 996						
Subtotal - Fund 996		\$ 17,328	\$ -	\$ 17,328		
GRAND TOTAL - ALL FUNDS		\$ 927,086	\$ 57,880	\$ 984,966		

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

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

SCHEDULE 3

STATE OF ILLINOIS
 EDUCATIONAL LABOR RELATIONS BOARD
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
 For the Fiscal Years Ended June 30, 2013, 2012, and 2011

	Fiscal Year		
	2013	2012	2011
	P.A. 97-0728	P.A. 97-0061 & 97-0642	P.A. 96-0956
Appropriated Fund			
General Revenue Fund - 001			
Appropriations (Net After Transfers)	\$ 1,037,800	\$ 1,043,300	\$ 999,200
Expenditures			
Personal Services	\$ 802,203	\$ 774,604	\$ -
State Contributions to Social Security	58,183	56,427	-
Contractual Services	100,236	96,112	-
Travel	9,602	10,310	-
Commodities	4,867	3,445	-
Printing	1,792	1,991	-
Equipment	494	795	-
Electronic Data Processing	1,142	9,096	-
Telecommunications Services	12,288	13,106	-
Operation of Automotive Equipment	1,609	1,752	-
Lump Sum: Operating Expenses	-	-	976,086
Total Expenditures	\$ 992,416	\$ 967,638	\$ 976,086
Lapsed Balances	\$ 45,384	\$ 75,662	\$ 23,114
Non - Appropriated Fund			
Fair Share Trust Fund - 996			
Expenditures	\$ 27,894	\$ 17,328	\$ 10,957
Total Expenditures	\$ 27,894	\$ 17,328	\$ 10,957
GRAND TOTAL - ALL FUNDS			
Total Expenditures	\$ 1,020,310	\$ 984,966	\$ 987,043
Salaries paid from the Comptroller's Executive Salary Appropriation:			
Board Chairman	\$ 104,358	\$ 104,358	\$ 99,560
Four Board Members	375,704	375,339	358,225
Total Expenditures from Comptroller's Executive Salaries Appropriation	\$ 480,062	\$ 479,697	\$ 457,785

Note: The FY11 expenditures and related lapsed balances do not include interest payments approved for payment and submitted by the Agency to the Comptroller for payment after August.

SCHEDULE 4

STATE OF ILLINOIS
EDUCATIONAL LABOR RELATIONS BOARD
SCHEDULE OF CHANGES IN STATE PROPERTY
For the Two Years Ended June 30, 2013

	<u>Equipment</u>
Balance at July 1, 2011	\$ 235,405
Additions	14,634
Deletions	(419)
Net Transfers	<u>-</u>
Balance at June 30, 2012	<u>\$ 249,620</u>
Balance at July 1, 2012	\$ 249,620
Additions	878
Deletions	-
Net Transfers	<u>(8,049)</u>
Balance at June 30, 2013	<u>\$ 242,449</u>

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

STATE OF ILLINOIS
 EDUCATIONAL LABOR RELATIONS BOARD
COMPARATIVE SCHEDULE OF CASH RECEIPTS
 For the Fiscal Years Ended June 30,

	<u>2013</u>	<u>2012</u>	<u>2011</u>
<u>General Revenue Fund - 001</u>			
Jury Duty	\$ -	\$ 16	\$ 30
Copies	-	-	3
Refunds	-	<u>2,888</u>	<u>-</u>
Total General Revenue Fund	<u>\$ -</u>	<u>\$ 2,904</u>	<u>\$ 33</u>
<u>Fair Share Trust Fund - 996</u>			
Interest	<u>\$ 512</u>	<u>\$ 734</u>	<u>\$ 922</u>
Total Receipts	<u><u>\$ 512</u></u>	<u><u>\$ 3,638</u></u>	<u><u>\$ 955</u></u>

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

<u>General Revenue Fund - 001</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Receipts per Board Records	\$ -	\$ 2,904	\$ 33
Add: Deposits in Transit, Beginning of Year	-	-	-
Less: Deposits in Transit, End of Year	<u>-</u>	<u>-</u>	<u>-</u>
Deposits Recorded by the Comptroller	<u><u>\$ -</u></u>	<u><u>\$ 2,904</u></u>	<u><u>\$ 33</u></u>

<u>Fair Share Trust Fund - 996</u>			
Receipts per Board Records	\$ 512	\$ 734	\$ 922
Add: Deposits in Transit, Beginning of Year	-	-	-
Less: Deposits in Transit, End of Year	-	-	-
Interest Earned	<u>(512)</u>	<u>(734)</u>	<u>(922)</u>
Deposits Recorded by the Comptroller	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

STATE OF ILLINOIS
EDUCATIONAL LABOR RELATIONS BOARD
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2013

The following is a summary of explanations for significant variations in expenditures. Variations between fiscal years were considered significant if greater than \$10,000 and 20%.

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

Fair Share Trust Fund (996)

The increase was due to increased distributions of backlogged fair share fees from previous periods as a result of increased efforts to decrease the backlog of fair share fees.

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

General Revenue Fund (001)

During FY11, the appropriation process combined all individual line items (i.e. personal services, State contribution to Social Security, etc.) into only one line item identified as operating expenses. During FY12, the appropriation process once again split the combined appropriation back into individual line items.

Fair Share Trust Fund (996)

The increase was due to increased distributions of backlogged fair share fees from previous periods as a result of increased efforts to decrease the backlog of fair share fees.

STATE OF ILLINOIS
EDUCATIONAL LABOR RELATIONS BOARD
ANALYSIS OF SIGNIFICANT VARIANCES IN RECEIPTS
For the Two Years Ended June 30, 2013

General Revenue Fund - 001

The Board receives minimal receipts. The receipts consist of copy charges, refunds, and reimbursement for jury duty. These receipts are expected to fluctuate between fiscal years. The Board received one receipt for jury duty reimbursement and one refund during FY12. There were no receipts collected by the Board during FY13.

Fair Share Trust Fund - 996

The Board receives minimal receipts. The receipts consist of interest earned by the Treasury and are expected to decrease as the Board reduces its backlog of fair share fees.

STATE OF ILLINOIS
EDUCATIONAL LABOR RELATIONS BOARD
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Two Years Ended June 30, 2013

The following is a summary of explanations for significant lapse period spending. Lapse period spending was considered to be significant if the expenditures exceeded at least 20% of the total fiscal year expenditures.

FISCAL YEAR 2013

General Revenue Fund (001)

Travel

The Educational Labor Relations Board (Board) paid travel vouchers for Board Members after June 30th for travel incurred prior to June 30th in accordance with its policy to reimburse Board Member travel only if there are remaining funds after all employee travel for the year has been reimbursed.

Commodities

The Board replenished office supplies late in the fiscal year and the invoices were not received and processed until the lapse period.

Printing

The Board replenished copy paper late in the fiscal year and the invoices were not received and processed until the lapse period.

Equipment

The Board purchased a desktop printer late in the fiscal year and the related invoice was not received and processed until the lapse period.

Electronic Data Processing

The Board replenished EDP supplies late in the fiscal year and the related invoices were not received and processed until the lapse period.

Telecommunications

The Board received and processed three months of FY13 telecommunications billings during the lapse period.

STATE OF ILLINOIS
EDUCATIONAL LABOR RELATIONS BOARD
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Two Years Ended June 30, 2013

FISCAL YEAR 2012

General Revenue Fund (001)

Travel

The Board paid travel vouchers for Board Members after June 30 for travel incurred prior to June 30 in accordance with its policy to reimburse Board Member travel only if there are remaining funds after all employee travel for the year has been reimbursed.

Commodities

The Board replenished office supplies late in the fiscal year and the invoices were not received and processed until the lapse period.

Printing

The Board replenished copy paper late in the fiscal year and the invoices were not received and processed until the lapse period.

Equipment

The Board purchased folding tables, a voice recorder, and a vacuum late in the fiscal year and the related invoices were not received and processed until the lapse period.

Operation of Automotive Equipment

The Board purchased GPS devices late in the fiscal year and the related invoices were not received and processed until the lapse period. Additionally, employee reimbursements for gas purchases for the State vehicle were not processed until the lapse period.

STATE OF ILLINOIS
ILLINOIS EDUCATIONAL LABOR RELATIONS BOARD
AGENCY FUNCTIONS AND PLANNING PROGRAM
(NOT EXAMINED)

For the Two Years Ended June 30, 2013

Board Functions

The Illinois Educational Labor Relations Board (Board) was created on January 1, 1984 to administer the Illinois Education Labor Relations Act (115 ILCS 5/1 et seq.) (Act). The Act sets forth the rules, regulations, and procedures for labor relations and collective bargaining between public educational employers and educational employees in Illinois. The Act affords public educational employees the right to organize, to select a labor organization to represent them, and the right to bargain with their educational employer through their chosen labor representative.

The Board's primary statutory duties include the following:

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

The Board regulates approximately 450,000 statewide educational employees, about 1,500 bargaining units and 37 separate unions. The Board's jurisdiction over educational labor matters encompasses over 1,100 separate public educational institutions including primary, middle, and high schools, community colleges and universities.

Planning Program

The Board does not have a formal long-range planning program; however, they meet monthly to deliberate cases and vote to issue its Opinions and Orders on the cases. They also address planning

STATE OF ILLINOIS
ILLINOIS EDUCATIONAL LABOR RELATIONS BOARD
AGENCY FUNCTIONS AND PLANNING PROGRAM
(NOT EXAMINED)

For the Two Years Ended June 30, 2013

issues such as budgeting, personnel, and the efficiency and effectiveness of current policies and procedures. Monthly case reports, quarterly review of final decisions and a monthly review of the budget are part of the Board's agenda.

STATE OF ILLINOIS
 ILLINOIS EDUCATIONAL LABOR RELATIONS BOARD
AVERAGE NUMBER OF EMPLOYEES
(NOT EXAMINED)

For the Two Years Ended June 30, 2013

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Paid from Illinois Educational Labor Relations Board Appropriation:			
Executive Director	1	1	1
Investigators & Supervisors	9	8	9
Administrative & Clerical	<u>1</u>	<u>2</u>	<u>2</u>
Total average full-time employees	<u><u>11</u></u>	<u><u>11</u></u>	<u><u>12</u></u>
Paid from Comptroller's Executive Salaries Appropriation:			
Board Chairman	1	1	1
Board Members	<u>4</u>	<u>4</u>	<u>4</u>
Total average Board members	<u><u>5</u></u>	<u><u>5</u></u>	<u><u>5</u></u>

STATE OF ILLINOIS
ILLINOIS EDUCATIONAL LABOR RELATIONS BOARD
SERVICE EFFORTS AND ACCOMPLISHMENTS
(NOT EXAMINED)

For the Two Years Ended June 30, 2013

The types of cases processed by the Board fall essentially into three categories:

- 1) Representation Cases
- 2) Mediation Cases
- 3) Unfair Labor Practice Cases

Representation Cases

Representation cases involve processing and issuing opinions regarding questions of representation including the conducting of orderly elections.

<u>Cases Filed</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Petition to Determine Representative	15	16	29
Petition to Decertify Representative	3	4	2
Petition to Determine Unit	31	36	32
Voluntary Recognition Petition	1	1	0
Unit Clarification Petition	27	32	20
Amended Certification Petition	5	2	1
Total Cases Filed	<u>82</u>	<u>91</u>	<u>84</u>

Disposition of Cases Filed

Certification of Representative	3	10	7
Certification of Results	0	2	2
Elections Conducted	8	13	15
Withdrawn	12	6	4
Majority Interest Petition Order of Certification	47	48	48
Executive Dir. Decision & Order	23	25	19
Admin. Law Judge Recommended Decision & Order	2	6	1
Mediations	2	7	3
Pending Investigations	19	26	10
Total Cases	<u>116</u>	<u>143</u>	<u>109</u>

STATE OF ILLINOIS
ILLINOIS EDUCATIONAL LABOR RELATIONS BOARD
SERVICE EFFORTS AND ACCOMPLISHMENTS
(NOT EXAMINED)

For the Two Years Ended June 30, 2013

Mediation Cases

Mediation cases involve situations in which the parties engaged in collective bargaining have reached an impasse and may petition the Board to initiate mediation. The Board may also, on its own motion initiate mediation during this period.

Strikes

The Illinois Educational Labor Relations Act affords educational employees the right to strike under certain limited circumstances as delineated in Section 13 of the Act. The Board attempts to resolve potential strike issues through mediation and its Adjudicatory processes. There were ten strikes during FY12 and FY13.

Unfair Labor Practice Cases

Unfair labor practice cases involve charges alleging that the conduct of an employer and/or a union constitute conduct proscribed by the Educational Labor Relations Act. Charges may be filed by an employer, an individual, or a labor organization. Once a charge has been filed, it is assigned to an investigator. Upon conclusion of the investigation, the Executive Director can either dismiss the charge or issue a complaint and set the matter for hearing if a voluntary settlement has not been reached by the parties.

The following unfair labor practice case statistics were furnished by Board personnel and are not examined:

<u>Cases Filed</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Unfair Labor Practice Charge Against Employer	120	145	150
Unfair Labor Practice Charge Against Union	26	29	31
Unfair Labor Practice Charge Contesting Fair Share Fee	67	91	82
Total Cases Filed	<u>213</u>	<u>265</u>	<u>263</u>

STATE OF ILLINOIS
ILLINOIS EDUCATIONAL LABOR RELATIONS BOARD
SERVICE EFFORTS AND ACCOMPLISHMENTS
(NOT EXAMINED)

For the Two Years Ended June 30, 2013

Unfair Labor Practice Cases (Continued)

<u>Disposition of Cases</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Withdrawn Pursuant to Settlement Agreement	98	88	83
Complaints Issued	57	76	106
Withdrawn	41	42	69
Executive Director's Recommended Decision and Order	61	52	60
Administrative Law Judge Recommended Decision and Order	33	24	35
Cases Mediated	35	30	38
Investigations Pending	95	117	94
Total Cases	420	429	485

<u>Board Activity</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Board Opinions and Orders Issued	22	24	27
Board Final Orders Issued	78	64	61
Total Cases Processed	100	88	88

Average Cost Per Case Filed

Representation Cases	82	91	84
Unfair Labor Practice Cases	213	265	263
Total Representation and Unfair Labor Practice Cases	295	356	347
Total Expenditures	\$ 992,416	\$ 967,638	\$ 976,086
Average Expenditure per Case	\$ 3,364	\$ 2,718	\$ 2,813