

**STATE OF ILLINOIS  
LABOR RELATIONS BOARD**

**COMPLIANCE EXAMINATION**

For the Two Years Ended June 30, 2005

STATE OF ILLINOIS  
LABOR RELATIONS BOARD  
COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2005

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**AGENCY OFFICIALS**

**ILLINOIS LABOR RELATIONS BOARD**

Executive Director (4/1/05 – Present)

Mr. John Brosnan

Acting Executive Director (7/1/03 – 3/31/05)

Mr. Fred Wickizer

General Counsel

Ms. Jacalyn Zimmermann

Fiscal Officer (9/1/04 – Present)

Ms. Nicole Hildebrand

Fiscal Officer (retired 8/31/04)

Ms. Kaye Stanton

Agency administrative offices are located at:

320 West Washington  
Suite 500  
Springfield, IL 62701

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



# Illinois Labor Relations Board

**Chairman:**  
Jackie Gallagher

November 22, 2005

**State Panel:**  
Michael J. Hade  
Charles Hernandez  
Rex Piper  
Letitia A. Taylor

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

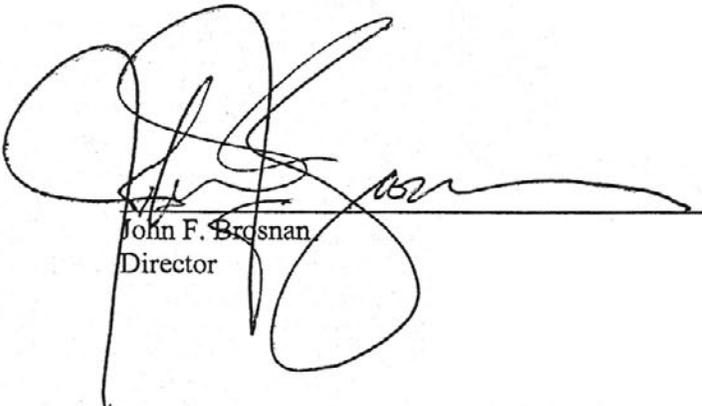
**Local Panel:**  
Donald Hubert  
Edward E. Sadlowski

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the Agency. We are responsible for and we have established and maintained an effective system of, internal controls over compliance requirements. We have performed an evaluation of the Agency's compliance with the following assertions during the two-year period ended June 30, 2005. Based on this evaluation, we assert that during the years ended June 30, 2005 and June 30, 2004, the Agency has materially complied with the assertions below.

- A. The agency has obligated, expended, received and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The agency has obligated, expended, received and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The agency has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. The State revenues and receipts collected by the agency are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. The money or negotiable securities or similar assets handled by the agency on behalf of the State or held in trust by the agency have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

Yours very truly,

Illinois Labor Relations Board



John F. Brosnan  
Director



Nicole Hildebrand  
Fiscal Officer

160 North LaSalle Street, Suite S-400 • Chicago, Illinois 60601-3103 • Phone: 312-793-6400 • Fax: 312-793-6989  
320 West Washington Street, Suite 500 • Springfield, Illinois 62701-1135 • Phone: 217-785-3155 • Fax: 217-785-4146

[www.state.il.us/ilrb](http://www.state.il.us/ilrb)



## **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.

### **AUDITORS' REPORT**

The Independent Accountants' Report on State Compliance, on Internal Control Over Compliance and on Supplementary Information for State Compliance Purposes does not contain scope limitations, disclaimers, or other significant non-standard language.

### **SUMMARY OF FINDINGS**

<u>Number of</u>	<u>This Report</u>	<u>Prior Report</u>
Findings	6	2
Repeated findings	1	1
Prior recommendations implemented or not repeated	1	1

Details of findings are presented in a separately tabbed report section.

### **SCHEDULE OF FINDINGS**

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
FINDINGS (STATE COMPLIANCE)		
05-1	8	Efficiency Initiative Payments
05-2	10	Employee evaluations were not performed
05-3	11	Voucher processing weaknesses
05-4	12	Property control weaknesses
05-5	14	Noncompliance with the Illinois Public Labor Relations Act
05-6	15	Untimely filing of required reports

PRIOR FINDINGS NOT REPEATED (STATE COMPLIANCE)

05-7                      17                      Noncompliance with contract terms

**EXIT CONFERENCE**

The findings and recommendations appearing in this report were discussed with Agency personnel at an exit conference on January 18, 2006. Attending were:

Illinois Labor Relations Board  
John Brosnan, Executive Director  
Jackie Gallagher, Board Chairman  
Nicole Hildebrand, Fiscal Officer

Office of the Auditor General  
Jane Clark, Audit Manager  
Alison Schertz, Audit Supervisor

Responses to the recommendations were provided by Nicole Hildebrand, Fiscal Officer, in a letter dated January 30, 2006.

SPRINGFIELD OFFICE:  
ILES PARK PLAZA  
740 EAST ASH • 62703-3154  
PHONE: 217/782-6046  
FAX: 217/785-8222 • TTY: 888/261-2887



CHICAGO OFFICE:  
MICHAEL A. BILANDIC BLDG. • SUITE S-900  
160 NORTH LASALLE • 60601-3103  
PHONE: 312/814-4000  
FAX: 312/814-4006

OFFICE OF THE AUDITOR GENERAL  
WILLIAM G. HOLLAND

INDEPENDENT ACCOUNTANTS' REPORT ON STATE COMPLIANCE,  
ON INTERNAL CONTROL OVER COMPLIANCE, AND ON  
SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

Honorable William G. Holland  
Auditor General  
State of Illinois

**Compliance**

We have examined the 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, 2005. The management of the Illinois Labor Relations Board is responsible for compliance with these requirements. Our responsibility is to express an opinion on the Illinois Labor Relations Board's compliance based on our examination.

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

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the Audit Guide as adopted by the Auditor General pursuant to the Act; and, accordingly, included examining, on a test basis, evidence about the Illinois Labor Relations Board's compliance with those requirements 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 Illinois Labor Relations Board's compliance with specified requirements.

In our opinion, the Illinois Labor Relations Board complied, in all material respects, with the aforementioned requirements during the two years ended June 30, 2005. However, the results of our procedures disclosed instances of noncompliance with those 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 State findings as findings 05-1, 05-2, 05-3, 05-4, 05-5, and 05-6.

As required by the Audit Guide, immaterial findings relating to instances of noncompliance excluded from this report have been reported in a separate letter.

### **Internal Control**

The management of the Illinois Labor Relations Board is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations. In planning and performing our examination, we considered the Illinois Labor Relations Board's internal control over compliance with the aforementioned requirements in order to determine our examination procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide, issued by the Illinois Office of the Auditor General.

Our consideration of internal control over compliance with the aforementioned requirements would not necessarily disclose all matters in internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws and regulations that would be material in relation to one or more of the aforementioned requirements being examined may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over compliance that we consider to be material weaknesses. However, the results of our procedures disclosed other matters involving internal control 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 State findings as findings 05-1, 05-2, 05-3 and 05-4.

As required by the Audit Guide, immaterial findings relating to internal control deficiencies excluded from this report have been reported in a separate letter.

### Supplementary Information for State Compliance Purposes

Our examination was conducted for the purpose of forming an opinion on compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information as listed in the table of contents as Supplementary Information for State Compliance Purposes is presented for purposes of additional analysis. We have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the 2005 and the 2004 Supplementary Information for State Compliance Purposes, except for information on the Service Efforts and Accomplishments on which we did not perform any procedures. However, we do not express an opinion on the supplementary information.

We have not applied procedures to the 2003 Supplementary Information for State Compliance Purposes, and accordingly, we do not express an opinion thereon.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, and agency management, and is not intended to be and should not be used by anyone other than these specified parties.

  
Bruce L. Bullard  
Compliance Audit Director

November 22, 2005

05-1. **FINDING** (Efficiency Initiative Payments)

The Illinois Labor Relations Board (Board) made payments for efficiency initiative billings from improper line item appropriations.

Public Act 93-0025, in part, outlines a program for efficiency initiatives to reorganize, restructure and reengineer the business processes of the State. The State Finance Act details that the amount designated as savings from efficiency initiatives implemented by the Department of Central Management Services (CMS) shall be paid into the Efficiency Initiatives Revolving Fund. **“State agencies shall pay these amounts...from the line item appropriations where the cost savings are anticipated to occur.”** (30 ILCS 105/6p-5)

The Board received two FY04 billings totaling \$34,687. In FY05, the Board received a billing for information technology consolidation but subsequently received a credit from CMS. The initiatives and amounts billed to the Department, for billings actually paid by the Board, for FY04 were:

<b>INVOICE BILLING DATE</b>	<b>INITIATIVE</b>	<b>BILLED AMOUNT</b>
<b>FY04</b>		
9/19/03	Procurement Efficiency	\$ 19,344
9/19/03	Information Technology	\$ 15,343

The Board reported it did not receive guidance or documentation with the FY04 billings from CMS detailing where savings were to occur nor did CMS provide evidence of savings for the amounts billed. The only guidance indicated on the FY04 billing invoices was the amount of payments that should be taken from General Revenue Funds (GRF) versus Other Funds for the billings.

Based on our review, we question whether the appropriate appropriations, as required by the State Finance Act, were used to pay for the anticipated savings. We found that the Board made payments in FY04 for these billings **not** from line item appropriations where the cost savings were anticipated to have occurred but from line items that had available funds. The Board provided no methodology for how line item appropriations were selected for FY04 payments. Without specific guidance from CMS regarding the nature and type of savings initiatives, it is unclear whether these were the appropriate lines from which to make procurement savings payments.

The table below provides an illustration of the specific funds and line items the Board used to make payments for the efficiency initiatives. Additionally, the table illustrates which efficiency initiatives were paid from the various line item appropriations.

FUND	LINE ITEM APPROPRIATION	AMOUNT PAID	TOTAL APPROPRIATION FOR LINE ITEM	EFFICIENCY INITIATIVE	
				PROCUREMENT	INFORMATION TECHNOLOGY
<b>FY04</b>					
GRF	For Contractual Services	\$ 14,000	\$ 124,462	✓	
GRF	For Commodities	\$ 344	\$ 3,744	✓	
GRF	For Equipment	\$ 3,000	\$ 25,600	✓	
GRF	For Electronic Data Processing	\$ 15,343	\$ 25,770		✓
GRF	For Telecommunications	\$ 2,000	\$ 45,900	✓	

Use of appropriations unrelated to the cost savings initiatives results in non-compliance with the State Finance Act. Furthermore, use of appropriations for purposes other than those authorized by the General Assembly effectively negates a fundamental control established in State government. Finally, use of funds unrelated to the savings initiative may result in an adverse effect on services the Board provides. (Finding Code No. 05-1)

**RECOMMENDATION**

We recommend that the Board only make payments for efficiency initiative billings from line item appropriations where savings would be anticipated to occur. Further, the Board should seek an explanation from the Department of Central Management Services as to how savings levels were calculated, or otherwise arrived at, and how savings achieved or anticipated impact the Board's budget.

**BOARD RESPONSE**

Agency concurs. Auditor's recommendation will be implemented.

05-2. **FINDING** (Employee evaluations were not performed)

The Illinois Labor Relations Board (Board) did not conduct performance evaluations in accordance with its personnel policies.

The Board did not conduct annual employee performance evaluations for 4 of 28 (14%) employees tested. There was no record of an annual evaluation performed in the past two years for two employees, in the last three years for another employee or in the past four years for another employee. In addition, 2 of 28 (7%) employees tested had performance evaluations that were conducted 14 and 18 days late.

The Board's Personnel and Policy Manual (Chapter 2, Section I) requires evaluations be done every 12 months, unless otherwise specified under the CMS personnel rules, and requires the manager to discuss each evaluation with the employee within two weeks of the employee's anniversary date. The Illinois Administrative Code (80 Ill. Adm. Code 302.270) requires the agency to prepare evaluations annually for certified employees. In addition, the Agency is required to prepare two evaluations for employees serving a six month probationary period, one at the end of the third month and one fifteen days before the conclusion of the employee's six-month probationary period. In addition, good business practices require employee evaluations to be performed to communicate the employee's strengths and weaknesses in meeting their job responsibilities.

Board personnel stated the evaluations were not performed timely due to understaffing at the Board.

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, layoff, recall, and reinstatement decisions. (Finding Code No. 05-2, 03-1, 01-1, 99-1)

**RECOMMENDATION**

We recommend the Board comply with its personnel policies and the Illinois Administrative Code by conducting employee performance evaluations in a timely manner.

**BOARD RESPONSE**

The agency's current record-keeping and reminder system for conducting employee performance evaluations has been revised to ensure timeliness.

05-3. **FINDING** (Voucher processing weaknesses)

The Illinois Labor Relations Board (Board) did not exercise adequate control over voucher processing. We noted the following:

- Twenty-five of 140 (18%) vouchers tested, totaling \$20,222, were not signed and dated by the receiving officer. The Statewide Accounting Management System (SAMS) (Procedure 17.20.20) states each invoice-voucher, upon receipt of goods or services, must be signed by the receiving officer verifying goods or services meet the stated specifications.
- Twenty-two of 140 (16%) vouchers tested, totaling \$25,678, were approved for payment from 3 to 146 days late. The Illinois Administrative Code (Code) (74 Ill. Adm. Code 900.70) states that an agency shall review each vendor's bill and shall either deny the bill in whole or in part, ask for more information necessary to review the bill, or approve the bill in whole or in part, within 30 days after physical receipt of the bill.

Board personnel stated most of the errors were due to oversight. Also, Board personnel stated that they transferred funds into the telecommunications line item at year-end to pay several late outstanding invoices.

The lack of a receiving officer's signature reduces the overall control over expenditures. Failure to approve vouchers timely could subject the State to unnecessary interest charges. (Finding Code No. 05-3)

**RECOMMENDATION**

We recommend the Board comply with the Illinois Administrative Code and SAMS procedures and implement controls to ensure vouchers are approved within the required time frame and are signed by the receiving officer to verify goods or services met the stated specifications.

**BOARD RESPONSE**

The agency's current vouchering process has been modified to ensure adequate control over voucher processing in the future.

05-4. **FINDING** (Property control weaknesses)

The Illinois Labor Relations Board (Board) did not maintain sufficient controls over the recording and reporting of its property. We noted the following:

- Six of 8 (75%) Quarterly Reports of State Property (C-15's) were inaccurate and did not agree to the Board's supporting documentation. The FY04 additions were overstated by \$500 and the FY05 additions were understated by \$4,373. In addition, the FY04 deletions were overstated by \$12,908 and the FY04 net transfers were overstated by \$11,500. The State Property Control Act (Act) (30 ILCS 605/4) states every responsible officer of State government shall be accountable for the supervision, control, and inventory of all property under his jurisdiction.
- The Board did not make an actual physical inventory check of all items of property under the Board's control and certify the inventory with the Department of Central Management Services (DCMS) during Fiscal Year 2005. The Act (30 ILCS 605/6.04) requires State agencies to annually, and upon at least 30 days notice, make an actual physical inventory check of all items of property under the agency's jurisdiction and control and certify the inventory with DCMS. The certification was due to DCMS by July 1, 2005. It has not been submitted as of the end of our fieldwork.
- Ten of 50 (20%) equipment items tested were located, but at a different location than was recorded on the property records. SAMS (Procedures 29.10.10) requires an agency to maintain current property information at a summary level which includes the location of the asset. In addition, good internal control procedures require the proper tracking of equipment items within the Board.
- The Board did not have the DCMS Surplus Property Delivery Form for a Xerox machine that was sent to surplus. The Act (30 ILCS 605/7) requires State agencies to report the trade-in and replacement of transferable property to the administrator (DCMS) on forms furnished by the latter. In addition, the State Records Act (5 ILCS 160/17) states, regardless of other authorization to the contrary, no record shall be disposed of by any agency of the State, unless approval of the State Records Commission is first obtained.
- Two of 8 (25%) C-15 reports were filed 1 and 2 days late. The Comptroller's Statewide Accounting Management System (SAMS) Procedure 29.20.10 requires State agencies to file a C-15 report on a quarterly basis with the Office of the Comptroller no later than the last day of the month following the last day of the quarter.

Board personnel stated the errors noted on the C-15 reports were due to human error and the failure to update and certify inventory during Fiscal Year 2005 was due to employee understaffing. In addition, Board personnel stated that two of the items with incorrect locations were being sent to surplus, while the others had been moved and the property records had not been updated due to oversight. Lastly, Board personnel stated the failure

to provide documentation for the equipment item that was sent to surplus was due to Board oversight.

Inaccurate and untimely reporting on the C-15 reports and annual inventory certification reduces the reliability of Statewide property information. Failure to maintain accurate property records increases the potential for fraud and possible loss or theft of State property. In addition, failure to provide adequate documentation for surplus inventory results in noncompliance of the State Records Act. (Finding Code No. 05-4)

### **RECOMMENDATION**

We recommend the Board prepare and file accurate and timely reports with the appropriate Agencies, as well as improve controls over property management.

### **BOARD RESPONSE**

The agency has completely revised its property record-keeping system to bring it in line with the Auditor's recommendations. The agency is considering implementing additional controls in keeping with the Auditor's recommendations.

05-5. **FINDING** (Noncompliance with the Illinois Public Labor Relations Act)

The Illinois Labor Relations Board (Board) did not timely select the required number of persons as nominees for impartial arbitrator of the arbitration panel within seven days as required by the Illinois Public Labor Relations Act (Act).

We noted in 11 of 25 (44%) cases tested, the Board selected the seven nominees between one and 40 days late. The Act (5 ILCS 315/14(c)) requires the Board to select from the Public Employees Labor Mediation Roster seven persons who are on the labor arbitration panels of either the American Arbitration Association or the Federal Mediation and Conciliation Service, or who are members of the National Academy of Arbitrators, as nominees for impartial arbitrator of the arbitration panel. The Board is required to select these seven persons within seven days of the request of either party.

Board personnel stated on occasion, the number of arbitration requests files is so numerous as to overwhelm the staff, causing the period of time to exceed seven days.

Failure to select nominees for impartial arbitrator within seven days of the request is noncompliance with a statutory mandate. (Finding Code No. 05-5)

**RECOMMENDATION**

We recommend the Board select the nominees for impartial arbitrator within seven days of the request as required by the Illinois Public Labor Relations Act or seek legislative remedy to the statutory requirement.

**BOARD RESPONSE**

The agency is evaluating current procedures and will make changes to ensure it complies with the Act.

05-6. **FINDING** (Untimely filing of required reports)

The Illinois Labor Relations Board (Board) did not file required reports in a timely manner. We noted the following:

- Four of 4 (100%) Travel Headquarter (TA-2) Reports were not filed with the Legislative Audit Commission (LAC) in a timely manner. The Board did not complete or file the two TA-2 reports required to be filed in FY04. The two TA-2 Reports due during FY05 were filed 382 and 198 days late. The State Finance Act (30 ILCS 105/12-3) requires each State agency to file reports for all of its officers and employees for whom official headquarters have been designated at any location other than that at which their official duties require them to spend the largest part of their working time. The reports are required to be filed with the LAC by January 15 and July 15 of each year for the six month period ended December 31 and June 30. Agencies with no officers or employees in this status shall file a negative report. Board personnel stated they were unfamiliar with the reporting requirements for the TA-2 reports.
- The FY05 internal control certification was not filed with the Office of the Auditor General in a timely manner. The certification was filed 128 days late. The Fiscal Control and Internal Auditing Act (30 ILCS 10/3003) requires the chief executive officer of each State agency to conduct an evaluation of their systems of internal fiscal and administrative controls and file a certification regarding the evaluation with the Auditor General by May 1 of each year. Board personnel stated the report was filed late due to oversight.
- The FY05 Agency Fee Imposition Report (report) was not filed with the Office of the State Comptroller in a timely manner. The report was filed on November 22, 2005, 114 days late. The State Comptroller Act (15 ILCS 405/16.2(a)) requires those agencies who impose fees to file the Agency Fee Imposition Report with the Comptroller at the time the Comptroller specifies by rule. The Statewide Accounting and Management System (SAMS) Manual (Procedure 33.16.20) requires State agencies to file the report by August 1. Board personnel stated they did not have their FY05 receipts updated and therefore, the report could not be completed by the required deadline.

Failure to file TA-2 reports in a timely manner reduces effective government oversight and is noncompliance with a statutory mandate. Timely evaluations of internal controls are necessary to determine whether existing controls are adequate to prevent or detect potential risks. Failure to file the annual Agency Fee Imposition Report timely reduces the completeness and reliability of statewide fee information and is noncompliance with a statutory mandate and SAMS procedures. (Finding Code No. 05-6)

**RECOMMENDATION**

We recommend the Board comply with the requirements of the State Finance Act, the Fiscal Control and Internal Auditing Act, the State Comptroller Act, and SAMS procedures by filing required reports in a timely manner.

**BOARD RESPONSE**

The agency concurs. As noted by the Auditor, during the time period audited, certain of the agency's reports were untimely filed. Henceforth, the agency will endeavor to file all such reports in a timely manner, and toward that end, the agency is implementing the Auditor's recommendations to ensure future compliance.

**PRIOR FINDINGS NOT REPEATED (STATE COMPLIANCE)**

05-7. **FINDING** (Noncompliance with contract terms)

During the prior period, the Illinois Labor Relations Board (Board) paid for services provided after the termination date of the contract.

During the current period, we noted for the contracts tested that the Board did not pay for services after the termination date of the contract. (Finding Code No. 03-2)

## **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 Efficiency Initiative Payments
- Schedule of Changes in State Property
- Comparative Schedule of Cash Receipts
- Reconciliation Schedule of Cash Receipts to Deposits Remitted to the State Comptroller
- Analysis of Significant Variations in Expenditures
- Analysis of Significant Variations in Receipts
- Analysis of Significant Lapse Period Spending

- Analysis of Operations:

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

The auditors' report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states the auditors have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General, except for information on the Service Efforts and Accomplishments on which they did not perform any procedures. However, the auditors do not express an opinion on the supplementary information.

STATE OF ILLINOIS  
LABOR RELATIONS BOARD  
**SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES**  
For The Fiscal Year Ended June 30, 2005

P.A. 93-842 FISCAL YEAR 2005	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period		Total Expenditures 14 Months Ended August 31	Balances Lapsed August 31
			Expenditures July 1 to August 31	Expenditures August 31		
General Revenue Fund - 001						
Personal Services	\$ 1,087,700	\$ 1,072,824	\$ 0	\$ 0	\$ 1,072,824	\$ 14,876
Employee Retirement						
Contributions Paid by Employer	0	0	0	0	0	0
State Contribution to State						
Employees' Retirement System	175,200	172,957	0	0	172,957	2,243
State Contributions to Social Security	81,500	77,696	0	0	77,696	3,804
Contractual Services	143,157	46,804	6,179	7,195	52,983	90,174
Travel	22,200	10,509	7,195	1,064	17,704	4,496
Commodities	3,400	2,297	1,064	0	3,361	39
Printing	3,100	2,872	202	0	3,074	26
Equipment	21,700	9,146	4,771	0	13,917	7,783
Electronic Data Processing	20,800	2,814	17,566	0	20,380	420
Telecommunications	56,100	43,029	13,007	0	56,036	64
Lump Sums	320,600	80,344	4,637	0	84,981	235,619
<b>Total Fiscal Year 2005</b>	<b>\$ 1,935,457</b>	<b>\$ 1,521,292</b>	<b>\$ 54,621</b>	<b>\$ 0</b>	<b>\$ 1,575,913</b>	<b>\$ 359,544</b>

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

STATE OF ILLINOIS  
LABOR RELATIONS BOARD  
**SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES**  
For The Fiscal Year Ended June 30, 2004

P. A. 93-91 FISCAL YEAR 2004	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period		Total Expenditures 14 Months Ended August 31	Balances Lapsed August 31
			Expenditures July 1 to August 31	Expenditures August 31		
General Revenue Fund - 001						
Personal Services	\$ 1,134,962	\$ 1,134,954	\$ 0	\$ 0	\$ 1,134,954	\$ 8
Employee Retirement						
Contributions Paid by Employer	44,300	0	0	0	0	44,300
State Contribution to State						
Employees' Retirement System	113,700	113,402	0	0	113,402	298
State Contributions to Social Security	82,889	82,876	0	0	82,876	13
Contractual Services	124,462	111,062	8,256	119,318	119,318	5,144
Travel	25,036	21,770	3,215	24,985	24,985	51
Commodities	3,744	2,172	1,571	3,743	3,743	1
Printing	3,567	3,566	0	3,566	3,566	1
Equipment	25,600	25,319	0	25,319	25,319	281
Electronic Data Processing	25,770	19,344	1,110	20,454	20,454	5,316
Telecommunications	45,900	34,083	11,538	45,621	45,621	279
Lump Sums	0	0	0	0	0	0
Total Fiscal Year 2004	\$ 1,629,930	\$ 1,548,548	\$ 25,690	\$ 1,574,238	\$ 1,574,238	\$ 55,692

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

STATE OF ILLINOIS  
LABOR RELATIONS BOARD  
**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES**  
For the Fiscal Years Ended June 30,

	Fiscal Year		
	2005	2004	2003
General Revenue Fund - 001	P.A.93-842	P.A. 93-91	P.A. 92-538
<hr/>			
Appropriations (Net of Transfers)	\$ 1,935,457	\$ 1,629,930	\$ 2,242,300
<hr/>			
<u>Expenditures</u>			
Personal Services	\$ 1,072,824	\$ 1,134,954	\$ 1,451,428
Employee Retirement			
Contributions Paid by Employer	0	0	52,361
State Contribution to State			
Employees' Retirement System	172,957	113,402	149,858
State Contributions to Social Security	77,696	82,876	105,266
Contractual Services	52,983	119,318	212,778
Travel	17,704	24,985	26,467
Commodities	3,361	3,743	4,054
Printing	3,074	3,566	3,168
Equipment	13,917	25,319	28,349
Electronic Data Processing	20,380	20,454	29,548
Telecommunications	56,036	45,621	53,129
Lump Sums	84,981	0	0
	<hr/>	<hr/>	<hr/>
Total Expenditures	\$ 1,575,913	\$ 1,574,238	\$ 2,116,406
	<hr/>	<hr/>	<hr/>
Lapsed Balances	\$ 359,544	\$ 55,692	\$ 125,894
	<hr/>	<hr/>	<hr/>
Salaries paid from the Comptroller's Executive Salaries Appropriation:			
Board Chairman	\$ 88,641	\$ 88,641	\$ 88,641
Board Members	478,674	478,674	537,657
	<hr/>	<hr/>	<hr/>
Total Expenditures from Comptroller's Appropriation	\$ 567,315	\$ 567,315	\$ 626,298
	<hr/>	<hr/>	<hr/>

STATE OF ILLINOIS  
LABOR RELATIONS BOARD  
**SCHEDULE OF EFFICIENCY INITIATIVE PAYMENTS**  
For the Two Years Ended June 30, 2005

**FISCAL YEAR 2004**

**Procurement Efficiency Initiative**

General Revenue Fund - 001	
Contractual Services	\$14,000
Commodities	344
Equipment	3,000
Telecommunications	2,000
	<hr/>
Sub-Total	\$19,344
	<hr/>

**Information Technology Initiatives**

General Revenue Fund - 001	
Electronic Data Processing	\$15,343
	<hr/>
Sub-Total	\$15,343
	<hr/>

Total - FY04 \$34,687

Note: This schedule includes only those payments made pursuant to 30 ILCS 105/6p-5. Amounts were obtained from the Board and reconciled to information from the Office of the Comptroller. No payments were made in FY05.

STATE OF ILLINOIS  
LABOR RELATIONS BOARD  
**SCHEDULE OF CHANGES IN STATE PROPERTY**  
For the Two Years Ended June 30, 2005

	Equipment
Balance at July 1, 2003	\$ 279,471
Additions	4,487
Deletions	(521)
Net Transfers	(11,500)
Balance at June 30, 2004	\$ 271,937
Balance at July 1, 2004	\$ 271,937
Additions	4,373
Deletions	0
Net Transfers	0
Balance at June 30, 2005	\$ 276,310

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

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

<u>General Revenue Fund (001)</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Jury Duty	\$ 0	\$ 52	\$ 0
Copies	1,234	2,388	1,744
Miscellaneous	<u>40</u>	<u>0</u>	<u>0</u>
 Total General Revenue Fund	 <u>\$ 1,274</u>	 <u>\$ 2,440</u>	 <u>\$ 1,744</u>

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

<u>General Revenue Fund (001)</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Receipts per Department Records	\$ 1,274	\$ 2,440	\$ 1,744
Add: Deposits in Transit, Beginning of Year	54	0	43
Less: Deposits in Transit, End of Year	<u>0</u>	<u>(54)</u>	<u>0</u>
Deposits Recorded by the Comptroller	<u><u>\$ 1,328</u></u>	<u><u>\$ 2,386</u></u>	<u><u>\$ 1,787</u></u>

STATE OF ILLINOIS  
LABOR RELATIONS BOARD  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES**  
For the Two Years Ended June 30, 2005

**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2004 AND 2005**

**General Revenue Fund (001)**

State Contribution to State Employees' Retirement System

The increase in the State Contribution to State Employees' Retirement System expenditures was due to the SERS employment contribution increasing from 13.439% in FY04 to 16.107% in FY05.

Contractual Services

The decrease in contractual services expenditures in FY05 was due to the Board's property lease being transferred to DCMS Facilities Management and continued cuts due to budgetary constraints.

Travel

The decrease in travel expenditures in FY05 was due to travel being reduced to what was approved by the Chairman of the Board and continued cuts due to budgetary constraints.

Equipment

The decrease in equipment expenditures in FY05 was due to budget constraints.

Telecommunications

The increase in telecommunications expenditures in FY05 was due to a make-up billing from FY04 being paid in FY05.

Lump Sums

The increase in lump sums expenditures in FY05 was due to this being the Board's first year of receiving this appropriation. In FY04, the Illinois Police Training Act (50 ILCS 705/) was amended to give the Board the responsibility for determining whether to decertify police officers based on the commission of perjury in a murder case. In order to help fulfill this new obligation, the Board was given a lump sum appropriation in FY05 to pay for the increased expenses associated with this new program.

STATE OF ILLINOIS  
LABOR RELATIONS BOARD  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES**  
For the Two Years Ended June 30, 2005

**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2003 AND 2004**

**General Revenue Fund (001)**

State Contribution to State Employees' Retirement System and State Contributions to Social Security

The decrease in the State Contribution to State Employees' Retirement System, and State Contributions to Social Security expenditures in FY04 was due to the Board laying off two employees and not replacing any employees who resigned.

Employee Retirement Contributions Paid by Employer

The decrease in Employee Retirement Contributions Paid by Employer in FY04 was due to the State discontinuing payment of employee retirement contributions for Board employees.

Contractual Services

The decrease in contractual services expenditures in FY04 was due to budgetary constraints precipitated by the need to pay the efficiency initiative payments.

Electronic Data Processing

The decrease in electronic data processing expenditures in FY04 was due to budgetary constraints precipitated by the need to pay the efficiency initiative payments.

STATE OF ILLINOIS  
LABOR RELATIONS BOARD  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS**  
For the Two Years Ended June 30, 2005

The Board receives minimal receipts. The majority of the Board's receipts are for copy fees for arbitration awards which varies from year to year. In addition, beginning in FY05, the Board began sending arbitration awards in electronic format rather than hard copy, which reduced the copy fees charged.

STATE OF ILLINOIS  
LABOR RELATIONS BOARD  
**ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING**  
For the Two Years Ended June 30, 2005

**FISCAL YEAR 2005**

**General Revenue Fund (001)**

Travel

The Board held a meeting on June 28, 2005 for which Board members and staff were reimbursed for travel and lodging during the lapse period.

Commodities

Billings for office supplies ordered prior to June 30<sup>th</sup> were not received and paid until the lapse period.

Equipment

The Board purchase several law books at year-end that were not received and paid until the lapse period.

EDP

The Board purchased software during the fiscal year that was not received and paid until the lapse period.

Telecommunications

The Board transferred funds into this line item at year-end to pay outstanding invoices.

**FISCAL YEAR 2004**

Commodities

Billings for office supplies ordered prior to June 30<sup>th</sup> were not received and paid until the lapse period.

Telecommunications

The Board paid several telecommunications invoices during the lapse period for services received during the fiscal year.

STATE OF ILLINOIS  
LABOR RELATIONS BOARD  
**ANALYSIS OF OPERATIONS**  
For the Two Years Ended June 30, 2005

**AGENCY FUNCTIONS AND PLANNING PROGRAM**

**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 91<sup>st</sup> 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 are 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 dispute arising under collective bargaining agreements. The Labor Relations Board was established to provide neutral adjudicatory boards, comprised of persons experienced in labor relations, to expeditiously and fairly resolve disputes between public employees and employers. The Board is also responsible for determining whether to decertify police officers based on the commission of perjury in a murder case pursuant to Section 6.1 of the Illinois Police Training Act, 50 ILCS 705/6.1 (2004), as amended.

The State Panel consists of a chairman and four members who are appointed by the Governor with the advice and consent of the Senate. Four new members were appointed during the examination period. The current members as of June 30, 2005 are:

- Jackie Gallagher, Chairman
- Michael Hade
- Charles Hernandez
- Rex Piper
- Letitia Taylor

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. A new chairman was appointed during the examination period. The current members as of June 30, 2005 are:

- Jackie Gallagher, Chairman
- Donald Hubert
- Edward Sadlowski

**PLANNING PROGRAM**

The Board does not have a formal planning program; however, the Board does meet often and discusses short and long-term planning at the meetings. The overall goal of the Board is to resolve cases promptly, accurately, and equitably. The major determinant in the planning process is the annual budget, which is prepared by the fiscal officer, with advice and input from the Executive Director. The Board attempts to develop a plan for the following year around October or November of each year based on their budget estimates. Major decisions during this period include whether or not to hire more staff and purchase necessary equipment with their estimates, and their budget is ultimately affected by the State's budget and appropriations. Another determinant in the planning process is legislation that is passed during any period. The Board works with the legislature throughout the legislative process, from introduction to signing by the Governor. The Board provides information regarding economical and efficient ways to handle any new legislation involving labor matters to members of the legislature.

Because of the backlog of labor cases, emphasis has been on streamlining the Board process for resolving cases. All Board personnel are involved in seeking problem areas that slow the hearing process, and in turn, personnel look for ways to improve the problem areas. The Board reviews and monitors its planning program in conjunction with the annual budget preparation and when evaluating its performance measures. Because the number of cases that will be assigned to them each year is difficult to predict, planning beyond short term is difficult.

#### **AUDITOR'S ASSESSMENT**

The Board's planning program appears adequate for meeting its statutorily defined functions.

STATE OF ILLINOIS  
LABOR RELATIONS BOARD  
**AVERAGE NUMBER OF EMPLOYEES**  
For the Years Ended June 30,

AVERAGE NUMBER OF EMPLOYEES

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

<u>Division</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Executive Director	1	1	1
Technical Advisors	8	10	11
Investigators and Supervisors	4	3	5
Administrative and Clerical	<u>7</u>	<u>7</u>	<u>9</u>
Total average full-time employees	<u><u>20</u></u>	<u><u>21</u></u>	<u><u>26</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>

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

The Illinois Public Relations Act (Act) (5 ILCS 315) created a process whereby two general types of cases are filed: representation cases (RC, RM, VR, RD, UC, and AC case categories) which determine what union if any will represent employees in specified bargaining units, and unfair labor practice charges (CA's & CB's) regarding wrongful conduct by employer and unions. The process is controlled by three programs: the investigative program, the administrative hearings program and by final decisions of the Board and General Counsel.

Generally, cases filed in the last quarter and some complex cases filed in prior fiscal years will carry over into the current fiscal year. Therefore, transactions occurring in the current fiscal year may reflect both pending cases (filed in previous fiscal years) as well as cases filed in the current fiscal year.

### **Representation Cases**

Representation petitions under the Board's procedures are determined through an election process that results in certifying the prevailing union, if any, for a specified collective bargaining unit. Sometimes questions of representation must first be resolved through the hearing process which ends in an Administrative Law Judges Recommended Decision or Board Order. In addition, the Executive Director may issue an order directing an election after resolving certain issues or dismiss the petition if it is untimely.

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

1. Representation/Certification Petitions (RC cases) are filed by an employee, group of employees, or a labor organization seeking the certification of an exclusive collective bargaining representative for employees in an appropriate unit.
2. Employer's Representation Petitions (RM) 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.
3. Voluntary Recognition Requests (VR) 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.
4. Decertification Petitions (RD) 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 collective bargaining representative.

5. Unit Clarification Petitions (UC) 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.
6. Petitions to Amend Certification (AC) are filed by an exclusive collective bargaining representative seeking to amend its certification whenever there is a change in its name or structure.

The following caseload statistics were furnished by the Board and have not been examined.

<b>Types of Representation Cases Filed</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
RC Petitions to Determine Representative	214	189	151
RD Petitions to Decertify Representative	7	8	5
RM Representation by Employer	0	0	0
VR Voluntary Recognition Petition	7	25	19
UC Unit Clarification Petition	81	54	63
AC Amendments to Representation/Certification Petition	7	6	3
DD Declaration of Disinterest Petition	<u>3</u>	<u>9</u>	<u>0</u>
<b>Total Types of Representative Cases Filed</b>	<b><u>319</u></b>	<b><u>291</u></b>	<b><u>241</u></b>

### Declaratory Rulings

Employer and labor organizations may also request the Board's General Counsel issue a declaratory ruling (DR) stating whether the Act requires bargaining over a particular subject or subjects. Such requests must be made jointly, unless it involves a protective services employee unit where a request for interest arbitration has been made.

### **Mediation Cases**

The investigative staff and attorneys mediate and advise parties on all unfair labor practice charges both during the investigation and before the commencement of a hearing. These discussions may result in the resolution of the dispute and the withdrawal of the charge. The success of mediating cases can be shown in the percentage of cases that parties withdrew. The overall process discourages strikes and other labor unrest.

In addition, the Board provides mediation/arbitration (MA) services to parties who have reached an impasse in collective bargaining. The Board maintains a roster of mediators and arbitrators from which panels are provided to parties requesting such services. The Act prohibits protective service 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 utilize 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:

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Mediation/Arbitration Petitions	228	282	280
Grievance Arbitration Requests	<u>9</u>	<u>5</u>	<u>6</u>
Total Mediation/Arbitration Cases	<u>237</u>	<u>287</u>	<u>286</u>

### Strike Investigations

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 employer may petition the Board for a strike investigation (SI). The Board has 72 hours to determine whether such a clear and present danger exists. When employees have been enjoined from striking pursuant to the procedure, interest arbitration is used to resolve the issues in dispute.

### **Unfair Labor Practice Cases**

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:

1. Charge Against Employer (CA) alleges that an employer has violated one of the provisions under Section 10(a) of the Act;
2. Charge Against Labor Organization (CB) alleges that a labor organization has violated one of the provisions under Section 10(b) of the Act.

Unfair Labor Practice Charges	<u>2005</u>	<u>2004</u>	<u>2003</u>
CA Charges Against Employer	278	338	367
CB Charges Against Union	<u>72</u>	<u>85</u>	<u>115</u>
Total Unfair Labor Practice Cases	<u>350</u>	<u>423</u>	<u>482</u>
Total Cases Filed (Representation, Mediation and Unfair Labor Practice Cases)	<u>906</u>	<u>1,001</u>	<u>1,009</u>
Total Expenditures	\$1,575,913	\$1,574,238	\$2,116,406
Total Expenditures per Case Filed	\$1,739	\$1,573	\$2,089