

**STATE OF ILLINOIS  
LABOR RELATIONS BOARD**

**COMPLIANCE EXAMINATION**

For the Two Years Ended June 30, 2009

STATE OF ILLINOIS  
LABOR RELATIONS BOARD  
COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2009

TABLE OF CONTENTS

	<u>Page</u>
Agency Officials	1
Management Assertion Letter	2
Compliance Report	
Summary	4
Accountant's Report	
Independent Accountants' Report on State Compliance, on Internal Control Over Compliance, and on Supplementary Information for State Compliance Purposes	6
Schedule of Findings	
Current Findings – State Compliance	9
Prior Findings Not Repeated	25
Supplementary Information for State Compliance Purposes	
Summary	27
Fiscal Schedules and Analysis	
Schedule of Appropriations, Expenditures and Lapsed Balances	28
Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances	30
Schedule of Changes in State Property	31
Comparative Schedule of Cash Receipts	32
Reconciliation Schedule of Cash Receipts to Deposits Remitted to the State Comptroller	33
Analysis of Significant Variations in Expenditures	34
Analysis of Significant Variations in Receipts	36
Analysis of Significant Lapse Period Spending	37
Analysis of Operations	
Agency Functions and Planning Program	38
Average Number of Employees	40
Service Efforts and Accomplishments (Not Examined)	41

**AGENCY OFFICIALS**

**LABOR RELATIONS BOARD**

Director	Mr. John Brosnan
Fiscal Officer	Ms. Nicole Hildebrand
Legal Counsel (1/11/2010 to Current)	Mr. Jerald Post
Legal Counsel (7/1/2007 to 1/10/2010)	Vacant

Agency offices are located at:

1 Natural Resources Way  
1<sup>st</sup> Floor  
Springfield, IL 62702

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Suite S-400  
Chicago, IL 60601



# Illinois Labor Relations Board

## MANAGEMENT ASSERTION LETTER

April 27, 2010

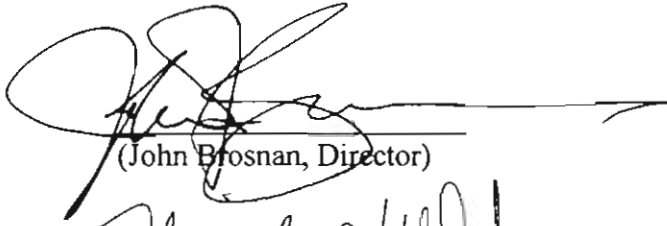
Honorable William G. Holland  
Auditor General  
State of Illinois  
Iles Park Plaza  
740 East Ash  
Springfield, IL 62703-3154

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, 2009. Based on this evaluation, we assert that during the years ended June 30, 2009 and June 30, 2008, the Agency has materially complied with the assertions below.

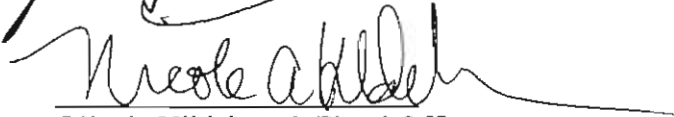
- A. The agency has obligated, expended, received and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The agency has obligated, expended, received and used public funds of the State in accordance with any limitations,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

A handwritten signature in black ink, appearing to read "John Brosnan", written over a horizontal line.

(John Brosnan, Director)

A handwritten signature in black ink, appearing to read "Nicole Hildebrand", written over a horizontal line.

(Nicole Hildebrand, Fiscal Officer)

## **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.

### **ACCOUNTANTS' 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> Findings	<u>Current</u> <u>Report</u>	<u>Prior</u> <u>Report</u>
Repeated findings	8	11
Prior recommendations implemented or not repeated	7	2
	4	4

Details of findings are presented in the separately tabbed report section of this report.

### **SCHEDULE OF FINDINGS**

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (STATE COMPLIANCE)			
09-1	9	Inadequate controls over the recording and reporting of State property	Significant Deficiency Noncompliance
09-2	13	Travel processing weaknesses	Significant Deficiency Noncompliance
09-3	15	Inadequate controls over accumulated leave records, leave requests and final termination pay	Significant Deficiency Noncompliance
09-4	17	Inadequate support for and untimely deposit of receipt transactions	Significant Deficiency and Noncompliance
09-5	19	Inadequate segregation of duties	Significant Deficiency and Noncompliance

09-6	21	Inadequate controls over contractual agreements	Significant Deficiency and Noncompliance
09-7	23	Noncompliance with the Illinois Public Labor Relations Act	Significant Deficiency and Noncompliance
09-8	24	Required reports not prepared and submitted	Significant Deficiency and Noncompliance

**PRIOR FINDINGS NOT REPEATED**

A	25	Computer system deficiency
B	25	Voucher processing weaknesses
C	25	Lack of policies and procedures over leaves of absence
D	26	Receipt processing weaknesses

**EXIT CONFERENCE**

The Illinois Labor Relations Board waived having an exit conference in correspondence dated April 21, 2010. Responses to the recommendations were provided by Nicole Hildebrand, Fiscal Officer, in correspondence dated April 21, 2010.

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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 State of Illinois, Labor Relations Board's compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the two years ended June 30, 2009. The management of the State of Illinois, Labor Relations Board is responsible for compliance with these requirements. Our responsibility is to express an opinion on the State of Illinois, Labor Relations Board's compliance based on our examination.

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



We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the Audit Guide as adopted by the Auditor General pursuant to the Act; and, accordingly, included examining, on a test basis, evidence about the State of Illinois, Labor Relations Board's compliance with those requirements listed in the first paragraph of this report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the State of Illinois, Labor Relations Board's compliance with specified requirements.

In our opinion, the State of Illinois, Labor Relations Board complied, in all material respects, with the requirements listed in the first paragraph of this report during the two years ended June 30, 2009. However, the results of our procedures disclosed instances of noncompliance, 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 findings 09-1, 09-2, 09-3, 09-4, 09-5, 09-6, 09-7, and 09-8.

### **Internal Control**

The management of the State of Illinois, Labor Relations Board is responsible for establishing and maintaining effective internal control over compliance with the requirements listed in the first paragraph of this report. In planning and performing our examination, we considered the State of Illinois, Labor Relations Board's internal control over compliance with the requirements listed in the first paragraph of this report as a basis for designing 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, but not for the purpose of expressing an opinion on the effectiveness of the State of Illinois, Labor Relations Board's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Illinois, Labor Relations Board's internal control over compliance.

A *deficiency* in an entity's internal control over compliance exists when the design or operation of a control 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* 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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance described in findings 09-1, 09-2, 09-3, 09-4, 09-5, 09-6, 09-7, and 09-8 in the accompanying schedule of findings that we consider to be

significant deficiencies in internal control over compliance. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

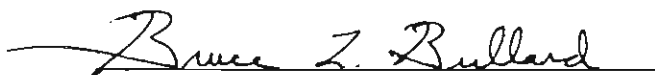
The State of Illinois, Labor Relations Board's responses to the findings identified in our examination are described in the accompanying schedule of findings. We did not examine the State of Illinois, Labor Relations Board's responses and, accordingly, we express no opinion on them.

### **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 2009 and 2008 Supplementary Information for State Compliance Purposes, except for 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 2007 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, agency management, and the Labor Relations Board members 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

April 27, 2010

STATE OF ILLINOIS  
LABOR RELATIONS BOARD  
**SCHEDULE OF FINDINGS**  
For the Two Years Ended June 30, 2009

09-1. **FINDING** (Inadequate controls over the recording and reporting of State property)

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

- Five of 8 (63%) Quarterly Reports of State Property (C-15's) prepared by the Board and submitted to the Illinois Office of the Comptroller (IOC) did not accurately reflect Board equipment transactions. The FY08 equipment additions were understated by \$16,542 and the FY09 additions were understated by \$2,446. In addition, the FY09 net transfers were understated by \$660.

Statewide Accounting Management System (SAMS) (Procedure 29.20.10) states all additions, deletions and transfers to each asset category should be entered for the quarter being reported.

- Five instances were noted where 15 equipment items, totaling \$12,404 were reported on C-15's to the IOC from 89 to 2,921 days late.

SAMS (Procedure 29.20.10) states all additions, deletions and transfers to each asset category should be entered for the quarter being reported.

- One of 8 (13%) C-15's was filed 4 days late.

SAMS (Procedure 29.20.10) requires the C-15's to be filed on a quarterly basis no later than the last day of the month following the last day of the quarter.

- The Board did not maintain a complete record of additions and deletions that occurred during the period.

SAMS (Procedure 29.10.10) states that the objective of fixed asset reporting is to ensure that agencies are updating property records to reflect the current balance of fixed assets and also requires that supporting detail records regarding property must be maintained. The State Records Act (5 ILCS 160/9) requires agencies to establish and maintain a program for agency records management, which shall include effective control over maintenance of records.

- One of 2 (50%) Certifications of Inventory was filed with the Department of Central Management Services (DCMS) 35 days late.

DCMS Property Control requires the Board to file a properly completed Certification of Inventory and Agency Inventory Summary for FY08 and FY09 no later than July 1 of 2008 and 2009, respectively.

STATE OF ILLINOIS  
LABOR RELATIONS BOARD  
**SCHEDULE OF FINDINGS**  
For the Two Years Ended June 30, 2009

- The Board did not timely file the FY08 Annual Real Property Utilization Report with DCMS. The report was filed 34 days late.

The State Property Control Act (30 ILCS 605/7.1(b)) states all responsible officers shall submit an Annual Real Property Utilization Report to the Administrator, or annual update of such report, on forms required by the Administrator, by October 30<sup>th</sup> of each year.

In addition, the Board did not maintain an accurate property listing. We noted the following:

- For nine of 25 (36%) transferred out items tested, the Board did not maintain documentation showing they provided the historical cost, purchase price, and date to the receiving agency.

The State Records Act (5 ILCS 160/9) requires the Board preserve records containing adequate and proper documentation.

- For eight equipment items purchased during the examination period, the Board did not include the freight charges, totaling \$194, in the cost of the equipment on the Board's property listing.

Statewide Accounting Management System (SAMS) (Procedure 03.30.20) requires an agency to include freight charges in the cost of equipment in addition to the net invoice cost.

- For two of 25 (8%) transferred out items tested, we noted the purchase prices reported to the receiving agency did not agree to the purchase prices documented on the Board's property listing for a total difference of \$139. In addition, we noted one instance where the purchase date reported to the receiving agency did not agree to the purchase date documented on the Board's property listing.

The State Records Act (5 ILCS 160/9) requires the Board preserve records containing adequate and proper documentation.

We also noted the following:

- Seven items purchased during the period, totaling \$2,969, were not added to the Board's property listing. In addition, one item acquired prior to the current examination period, totaling \$3,522, was not added to the property listing or tagged.

STATE OF ILLINOIS  
LABOR RELATIONS BOARD  
**SCHEDULE OF FINDINGS**  
For the Two Years Ended June 30, 2009

The Illinois Administrative Code (Code) (44 Ill. Adm. Code 5010.400) requires agencies to adjust property records within 30 days of acquisition, change or deletion of equipment items. The Code (44 Ill. Adm. Code 5010.210) also requires agencies to mark each piece of State-owned equipment in their possession with a unique six digit identification number to be assigned by the agency holding the property.

- The Board did not document the purchase price of three equipment items, totaling \$10,645, on the Board's property listing.

SAMS (Procedure 29.10.10) requires an agency to maintain property information at a summary level, which includes the cost of each asset.

Board personnel stated they revised duties associated with equipment and property control to address the concerns presented in prior year finding 07-9. However, this new distribution of the equipment and property control duties resulted in some miscommunications or untimely communications between responsible personnel, resulting in some of the errors and reporting delays noted during the examination. Board personnel also stated they did an extensive inventory of all equipment items and review of all equipment records during the examination period. During this inventory and review, they noted several items that were not added to Board equipment records or reported on C-15's timely, aside from those reported in prior finding 07-2. As a result, those items were added to Board equipment records and reported on C-15's outside the normal reporting timeframes.

Failure to maintain accurate property control records increases the potential for fraud and possible loss or theft of State property. In addition, inaccurate property reporting reduces the reliability of Statewide capital asset information. (Finding Code No. 09-1, 07-2, 07-3, 05-4)

### **RECOMMENDATION**

We recommend the Board strengthen controls over the recording and reporting of State property by reviewing their inventory and recordkeeping practices to ensure compliance with statutory and regulatory requirements. We also recommend the Board thoroughly review all reports prepared from internal records for completeness and accuracy before submission to the Department of Central Management Services when transferring out equipment items. In addition, we recommend the Board ensure all equipment is accurately and timely recorded on the Department's property records and properly tagged. Finally, the Board should file their required reports by the reporting deadlines.

STATE OF ILLINOIS  
LABOR RELATIONS BOARD  
**SCHEDULE OF FINDINGS**  
For the Two Years Ended June 30, 2009

**BOARD RESPONSE**

The agency agrees and will continue to strengthen its controls and procedures for recording and reporting State property.

STATE OF ILLINOIS  
LABOR RELATIONS BOARD  
**SCHEDULE OF FINDINGS**  
For the Two Years Ended June 30, 2009

09-2. **FINDING** (Travel processing weaknesses)

The Illinois Labor Relations Board (Board) did not maintain adequate internal controls over travel. During our testing, we noted the following weaknesses:

- Six of 25 (24%) vouchers tested, totaling \$2,211, contained reimbursements to employees for rates claimed in excess of State travel allowances. We noted 5 instances of reimbursements to employees for lodging rates claimed in excess of rates set forth by the Governor's Travel Control Board (GTCB). Excess rates claimed for lodging were between \$22 and \$80. We also noted one instance of excess per diem reimbursement with a total overpayment of \$7.

GTCB rules (80 Ill. Adm. Code 2800.Appendix A) specifies the maximum travel reimbursement rates allowed. In addition, the Travel Regulation Council (Council) rules (80 Ill. Adm. Code 3000.410) state that it is the responsibility of each employee to request the lowest available lodging rate at the time of making reservations. Further, Council rules (80 Ill. Adm. Code 3000.500) explain that per diem will be based on the quarter system permitting the traveler one-fourth of the allowance for each period of 6 hours or fraction thereof.

- Two of 25 (8%) vouchers tested were not supported by proper documentation, including receipts for transportation, lodging and other expenses. Reimbursement in the amount of \$306 was paid without proper documentation to support the expenses.

GTCB rules (80 Ill. Adm. Code 2800.240) requires all travel vouchers to be supported by receipts in all instances for railroad and airplane transportation, lodging, taxis, and all other items in excess, individually, of \$10.00 except for meals.

- One of 25 (4%) travel vouchers tested was not submitted within 60 days, which is considered to be a reasonable period of time. The travel voucher totaled \$76 and was submitted 6 days late.

Internal Revenue Service Publication 535, Chapter 13 and Accounting Bulletin number 134 states that if "employees adequately account for their travel expenses within 60 days after the expenses were paid or incurred" it will be generally treated as taking place within a reasonable period of time.

- One of 4 (25%) Travel Headquarters reports (TA-2) was not filed with the Legislative Audit Commission (LAC) in a timely manner. The report was filed 7 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

STATE OF ILLINOIS  
LABOR RELATIONS BOARD  
**SCHEDULE OF FINDINGS**  
For the Two Years Ended June 30, 2009

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. The report shall list, for each such officer or employee, the place designated as his or her official headquarters and the reason for that designation. Agencies with no officers or employees in this status shall file a negative report.

Board personnel stated the issues noted were due to oversight and competing priorities for the responsible personnel.

Inadequate control over travel expenditures could result in overpayment to travelers and is an inefficient use of State resources. Failure to implement adequate controls over payments of travel expenditures increases the risk that errors, double billing, and irregularities will occur and not be detected. Failure to require adequate supporting documentation increases the risk improper expenses will be reimbursed and reduces fiscal accountability. Failure to follow the Governor's Travel Control Board regulations increases the risk that non-reimbursable expenditures will occur and not be detected. Untimely travel voucher submission increases the risk of processing errors and may result in untimely and inaccurate information on agency obligations. (Finding Code No. 09-2, 07-5)

**RECOMMENDATION**

We recommend the Board strengthen its internal controls over travel to ensure the following:

- travel vouchers are properly supported;
- reimbursements are in accordance with the Governors Travel Control Board and Travel Regulation Council regulations;
- travel vouchers are submitted timely; and
- TA-2 reports are filed with the LAC timely.

In addition, we recommend the Board request reimbursement from those employees overpaid.

**BOARD RESPONSE**

The agency agrees and will continue to strengthen its internal controls over travel.



STATE OF ILLINOIS  
LABOR RELATIONS BOARD  
**SCHEDULE OF FINDINGS**  
For the Two Years Ended June 30, 2009

- 09-3. **FINDING** (Inadequate controls over accumulated leave records, leave requests and final termination pay)

The Illinois Labor Relations Board (Board) did not exercise adequate control over employee accumulated benefit time records, requests for use of employee benefit time, and employee final termination pay. We noted the following:

- Employees were allowed to carry over unused vacation time beyond the limits set forth in the Board's Policy Manual. We noted 2 of 5 (40%) employees tested were allowed to accumulate 146 and 113 hours of unused vacation time, respectively, in excess of the carry over amount permitted by the Board's Policy Manual. As a result, when one of these employees retired during the examination period, the Board erroneously overpaid this person a total of \$5,296 at the time of separation. The other employee has not retired or separated from the Board and has continued to accrue vacation time, in addition to the excess balance already held.

The Board's Policy Manual states that vacation time not used within 24 months of the calendar year in which it is earned shall be forfeited.

- Leave request forms did not contain evidence of review or approval by the employee's superior for 1 of 5 (20%) employees tested. We noted 9 instances, totaling 22 hours, where this employee's superior did not document his or her approval of the employee's requests for leave time on the leave request forms.

The Board's Policy Manual states when an employee wishes to use vacation time, a leave request form must be submitted in advance for manager approval.

- Accumulated leave records for 1 of 5 (20%) employees tested contained a mathematical formula error. As a result, the employee was permitted to use 4 hours of personal leave time in excess of the 23 hours allowed per calendar year.

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

Board personnel stated they do not have sufficient staff resources to devote to reviewing vacation time records for time that should have been forfeited, in light of more pressing matters currently facing the Board. Board personnel stated the other errors and omissions noted were due to oversight.

STATE OF ILLINOIS  
LABOR RELATIONS BOARD  
**SCHEDULE OF FINDINGS**  
For the Two Years Ended June 30, 2009

Failure to maintain adequate control over employee attendance and accumulated leave records increases the risk of the Board paying for services not rendered by employees. In addition, failure to properly account for vacation time earned and forfeited resulted in a \$5,296 overpayment to one retiring employee. (Finding Code No. 09-3)

**RECOMMENDATION**

We recommend the Board implement procedures necessary to annually review employee leave time records for unused vacation time that should be forfeited. We also recommend the Board ensure all leave request forms include evidence of manager approval or denial. We further recommend the Board periodically review employee leave time records for mathematical errors. Lastly, we recommend the Board recover the excess amount paid to the former employee.

**BOARD RESPONSE**

The agency agrees with, and will implement, the auditors' recommendations and will continue to strengthen its internal controls over accumulated leave records, leave requests, and final termination pay.

STATE OF ILLINOIS  
LABOR RELATIONS BOARD  
**SCHEDULE OF FINDINGS**  
For the Two Years Ended June 30, 2009

09-4. **FINDING** (Inadequate support for and untimely deposit of receipt transactions)

The Illinois Labor Relations Board (Board) did not have adequate controls over the deposit of receipts. In addition, the Board did not maintain adequate documentation to facilitate testing of a refund received. We noted the following:

- Five of 16 (31%) receipts tested, totaling \$259, were not deposited in a timely manner. The receipts were submitted 2 to 27 days late.

The State Officers and Employees Money Disposition Act (Act) (30 ILCS 230/2) requires each State agency to deposit into the State treasury cumulative receipts valued up to \$500 on the next first or fifteenth day of the month after receipt.

- Three of 16 (19%) receipts and corresponding Treasurer's Drafts tested, totaling \$369, were not submitted to the Office of the Comptroller (Comptroller) within 30 days, which is considered a reasonable time frame. The Treasurer's Drafts were submitted between 1 and 26 days late.

Statewide Accounting Management System (SAMS) (Procedure 25.10.30) requires Treasurer's Drafts be remitted to the Comptroller. Good internal controls require deposits to be processed timely to increase the balance of funds available for expenditure. The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal controls to provide assurance resources are utilized effectively and efficiently.

In addition, we noted the Board did not maintain adequate documentation to facilitate testing of the only refund received by the Board during the period. The Board received one refund totaling \$78 during the examination period. As a result, the auditors could not determine if the refund was properly and timely recorded in agency records. The State Records Act (5 ILCS 160/8) requires the head of each agency to cause to be made and preserved records containing adequate and proper documentation of the decisions and essential transactions of the agency designed to furnish information to protect the legal and financial rights of the State and of persons directly affected by the agency's activities.

Board personnel stated that the Treasury Drafts were not deposited timely because of agency oversight and the Board's concentration on completing the budget process and handling additional matters associated with moving. In addition, the support for the refund was misplaced and cannot be located. Further, untimely deposits of receipts into the State Treasury are due to the Board moving its Springfield headquarters and being misplaced and found late.

STATE OF ILLINOIS  
LABOR RELATIONS BOARD  
**SCHEDULE OF FINDINGS**  
For the Two Years Ended June 30, 2009

Untimely deposit of receipts reduces the amount of money available to pay current costs. Untimely submittal of Treasurer's Drafts to the Comptroller reduces the amount available on which interest could be earned. Failure to maintain adequate documentation for refunds received results in incomplete fiscal records and is noncompliance with State statute. (Finding Code No. 09-4, 07-8)

**RECOMMENDATION**

We recommend the Board comply with the State Officers and Employees Money Disposition Act by making timely deposits into the State Treasury. In addition, the Board should submit Treasurer's Drafts to the Comptroller in a timely manner. Further, the Board should maintain adequate supporting documentation to document all refunds received.

**BOARD RESPONSE**

The agency agrees and will continue to make every effort to insure timely processing of receipts.

STATE OF ILLINOIS  
LABOR RELATIONS BOARD  
**SCHEDULE OF FINDINGS**  
For the Two Years Ended June 30, 2009

09-5. **FINDING** (Inadequate segregation of duties)

The Illinois Labor Relations Board (Board) had inadequate segregation of duties in the areas of revenue and expenditure control. We noted the following:

- One person had authority to record and deposit all receipts, prepare the Receipt Deposit Transmittal Form and perform monthly receipt reconciliations.
- One person had authority to perform procurement functions, prepare and approve vouchers, maintain accounting records and perform monthly expenditure reconciliations.
- One person had authority to prepare payroll, approve payroll and distribute payroll stubs.

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 personnel stated the lack of segregation of duties was due to the limited number of staff. Board personnel also stated they implemented some additional review procedures to compensate for some of the segregation of duties problems noted. However, these additional review procedures were not consistently documented in the Board's records.

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.

During the prior examination, we noted, as part of the inadequate segregation of duties in payroll, the same person had the ability to make adjustments to payroll, in addition to preparing and approving payroll and distributing payroll stubs. During the current examination, however, the Board implemented a procedure requiring any adjustments to payroll first be approved in writing by either the Executive Director or personnel manager prior to data entry. In addition, during the prior examination, the Board had an inadequate segregation of duties with regard to property and equipment functions. During the current examination, the Board established an adequate segregation of duties for property and equipment functions. (Finding Code No. 09-5, 07-9)

STATE OF ILLINOIS  
LABOR RELATIONS BOARD  
**SCHEDULE OF FINDINGS**  
For the Two Years Ended June 30, 2009

**RECOMMENDATION**

We recommend the Board maintain an effective internal control over the record keeping and accounting duties concerned with revenue and expenditure control.

**BOARD RESPONSE**

Since a similar previous finding, the agency instituted several changes to improve internal controls for the noted areas, however, the auditors found these improvements insufficient. The agency will again review its internal controls and research various ways to strengthen them.

STATE OF ILLINOIS  
LABOR RELATIONS BOARD  
**SCHEDULE OF FINDINGS**  
For the Two Years Ended June 30, 2009

09-6. **FINDING** (Inadequate controls over contractual agreements)

The Illinois Labor Relations Board (Board) did not exercise adequate control over its contractual agreements, Contract Obligation Documents (CODs), and related documentation. We noted the following:

- The CODs related to 3 of 6 (50%) contracts tested, totaling \$50,815, were not properly completed. Discrepancies noted in these instances included inaccurate compensation information, inaccurate maximum dollar amounts of contracts, and/or inaccurate dates for the term of services.

Statewide Accounting Management System (SAMS) (Procedure 15.20.10) requires an agency to provide accurate information for each obligation to be established, including compensation information, the maximum contract amount, and contract beginning and ending dates.

- One of 6 (17%) contracts tested, totaling \$6,000, for professional and artistic services did not contain a contract expiration date as required by the Illinois Administrative Code.

The Illinois Administrative Code (74 Ill. Adm. Code 290.1204) requires professional and artistic services contracts to contain the dates for the term of services.

- The procurement file for 1 of 6 (17%) contracts tested, totaling \$30,000, did not include a disclosure of financial interests as required by the Illinois Procurement Code.

The Illinois Procurement Code (30 ILCS 500/50-35) requires all offers from responsive bidders with an annual value of more than \$10,000 to be accompanied by disclosure of the financial interests of the bidder, and requires this disclosure from each successful bidder to become a part of the publicly available contract or procurement file.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires that agencies establish internal fiscal and administrative controls to provide assurance that resources, obligations and costs are in compliance with applicable laws, rules, and regulations.

Board personnel stated they believed the contracts and related documents were completed according to all rules and regulations.

Failure to exercise adequate control over contractual agreements, CODs, and related documentation may result in loss of State funds and may subject the State to unnecessary legal risks. (Finding Code No. 09-6, 07-10)

STATE OF ILLINOIS  
LABOR RELATIONS BOARD  
**SCHEDULE OF FINDINGS**  
For the Two Years Ended June 30, 2009

**RECOMMENDATION**

We recommend the Board strengthen controls to ensure CODs are properly and accurately completed, contracts contain all necessary content, and procurement files contain appropriate disclosures of financial interests as required.

**BOARD RESPONSE**

The agency agrees and will follow the auditors' suggested improvements with future contracts.



STATE OF ILLINOIS  
LABOR RELATIONS BOARD  
**SCHEDULE OF FINDINGS**  
For the Two Years Ended June 30, 2009

09-7. **FINDING** (Noncompliance with the Illinois Public Labor Relations Act)

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

During our testing of 25 cases, we noted 14 (56%) instances where the parties failed to notify the Board of their selection for neutral chairman. The Board did not follow-up on these cases to determine the Board's duty to appoint a neutral chairman from the Illinois Public Employees Mediation/Arbitration Roster.

The Act (5 ILCS 315/14(c)) requires the Board to appoint a neutral chairman from the Illinois Public Employees Mediation/Arbitration Roster if the parties fail to notify the Board in a timely manner of their selection for neutral chairman.

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

Failure to appoint a neutral chairman when the other parties involved do not agree upon one is noncompliance with a statutory mandate. (Finding Code No. 09-7, 07-11)

**RECOMMENDATION**

We recommend the Board comply with the Illinois Public Labor Relations Act by monitoring each case to ensure proper appointment of a neutral chairman when the parties involved in dispute fail to notify the Board in a timely manner of their selection for neutral chairman, or seek legislative remedy to the statutory requirement.

**BOARD RESPONSE**

The agency agrees and will continue to improve its compliance in the noted area.

STATE OF ILLINOIS  
LABOR RELATIONS BOARD  
**SCHEDULE OF FINDINGS**  
For the Two Years Ended June 30, 2009

09-8. **FINDING** (Required reports not prepared and submitted)

The Illinois Labor Relations Board (Board) did not prepare and submit reports as required by the Illinois Police Training Act (Act) as required.

The Act (50 ILCS 705/6.1(r)) requires the Executive Director of the Board to prepare and submit semi-annual reports to the Governor, President of the Senate, Minority Leader of the Senate, Speaker of the House, and Minority Leader of the House details of the Board's activities with respect to the Act, including:

- The number of verified complaints received since the date of the last report;
- The number of investigations initiated since the date of the last report;
- The number of investigations concluded since the date of the last report;
- The number of investigations pending as of the reporting date;
- The number of hearings held since the date of the last report; and
- The number of officers decertified since the date of the last report.

However, we noted the Board did not prepare or submit such reports during the examination period as required.

Board personnel stated they have not received any complaints regarding the Act and therefore have had no activities to report.

Failure to prepare and submit the required reports reduces the quantity of information available to government leaders for oversight purposes and is noncompliance with a statutory mandate. (Finding Code No. 09-8)

**RECOMMENDATION**

We recommend the Board comply with the Act by preparing and submitting the semi-annual reports as required.

**BOARD RESPONSE**

The agency agrees and will ensure that it submits the semi-annual reports as required.

STATE OF ILLINOIS  
LABOR RELATIONS BOARD  
**PRIOR FINDINGS NOT REPEATED**  
For the Two Years Ended June 30, 2009

PRIOR FINDINGS NOT REPEATED

A. **FINDING** (Computer system deficiency)

During the prior examination, the Illinois Labor Relations Board (Board) had not established adequate planning, oversight, and controls over a contract for an information systems project, which resulted in a costly system conversion that did not meet the Board's standards.

During the current examination, the Board contracted with a different vendor to perform necessary programming changes and bring the information system up to the Board's standards. In addition, the Board improved its planning, oversight, and controls over the new contract to ensure the system modifications satisfied the Board's needs. (Finding Code No. 07-1)

B. **FINDING** (Voucher processing weaknesses)

During the prior examination, the Illinois Labor Relations Board (Board) did not exercise adequate control over voucher processing.

During the current examination, the Board did exercise adequate control over voucher processing. We noted vouchers were properly signed and dated by a receiving officer and had adequate support and documentation for the sample tested. (Finding Code No. 07-4)

C. **FINDING** (Lack of policies and procedures over leaves of absence)

During the prior examination, the Illinois Labor Relations Board (Board) did not adopt formal policies and procedures over employee leaves of absence, which resulted in an overpayment by the Board.

During the current examination, employees requested leaves of absence and they were approved by the Executive Director in writing. No problems were noted during leaves of absence detail testing. (Finding Code No. 07-6)

STATE OF ILLINOIS  
LABOR RELATIONS BOARD  
**PRIOR FINDINGS NOT REPEATED**  
For the Two Years Ended June 30, 2009

PRIOR FINDINGS NOT REPEATED, CONTINUED

D. **FINDING** (Receipt processing weaknesses)

During the prior examination, the Illinois Labor Relation Board (Board) did not maintain a receipt ledger documenting monies received and deposits made. In addition, the Board did not perform monthly reconciliations of agency receipts to the Comptroller's Records (SB04).

During the current examination, the Board did maintain a receipt ledger for all monies received and deposits made and materially complied with the requirements to perform monthly reconciliations of agency receipts to the Comptroller's Records (SB04). (Finding Code No. 07-7)

## **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:

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

The accountants' 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 accountants do not express an opinion on the supplementary information.

STATE OF ILLINOIS  
LABOR RELATIONS BOARD  
**SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES**

Appropriations for Fiscal Year 2009

Fourteen Months Ended August 31, 2009

	Appropriations (Net After Transfers)	Expenditures Through 6/30/2009	Lapse Period Expenditures 7/01 - 8/31/2009	Total Expenditures	Balances Lapsed
P.A. 95-0733					
General Revenue Fund - 001					
Personal Services	\$ 1,199,000	\$ 1,193,860	\$ 5,050	\$ 1,198,910	\$ 90
State Contributions to State					
Employees' Retirement System	264,000	251,429	1,063	252,492	11,508
State Contributions to Social Security	90,600	87,501	386	87,887	2,713
Contractual Services	205,700	104,036	4,924	108,960	96,740
Travel	20,000	15,709	630	16,339	3,661
Commodities	4,500	4,227	185	4,412	88
Printing	4,000	2,934	957	3,891	109
Equipment	4,500	1,057	0	1,057	3,443
Electronic Data Processing	63,700	24,147	32,237	56,384	7,316
Telecommunications	<u>44,000</u>	<u>33,964</u>	<u>2,888</u>	<u>36,852</u>	<u>7,148</u>
 Total Fiscal Year 2009	 <u>\$ 1,900,000</u>	 <u>\$ 1,718,864</u>	 <u>\$ 48,320</u>	 <u>\$ 1,767,184</u>	 <u>\$ 132,816</u>

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

STATE OF ILLINOIS  
LABOR RELATIONS BOARD  
**SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES**  
Appropriations for Fiscal Year 2008

Fourteen Months Ended August 31, 2008

	Appropriations (Net After Transfers)	Expenditures Through 6/30/2008	Lapse Period Expenditures 7/01 - 8/31/2008	Total Expenditures	Balances Lapsed
P.A. 95-0348					
General Revenue Fund - 001					
Personal Services	\$ 1,222,000	\$ 1,160,770	\$ 23,249	\$ 1,184,019	\$ 37,981
State Contributions to State Employees' Retirement System	202,852	192,305	3,850	196,155	6,697
State Contributions to Social Security	93,483	85,141	1,778	86,919	6,564
Contractual Services	228,000	138,567	13,178	151,745	76,255
Travel	25,000	11,935	1,078	13,013	11,987
Commodities	4,750	3,817	927	4,744	6
Printing	4,000	3,719	0	3,719	281
Equipment	24,750	2,524	2,564	5,088	19,662
Electronic Data Processing	60,000	36,091	6,308	42,399	17,601
Telecommunications	48,000	33,322	3,110	36,432	11,568
 Total Fiscal Year 2008	 <u>\$ 1,912,835</u>	 <u>\$ 1,668,191</u>	 <u>\$ 56,042</u>	 <u>\$ 1,724,233</u>	 <u>\$ 188,602</u>

Note: Appropriations, expenditures, and lapsed balances were obtained from Board 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**

	Fiscal Year		
	2009	2008	2007
General Revenue Fund - 001	P.A. 95-0733	P.A. 95-0348	P.A. 94-0798
<hr/>			
Appropriations (Net after Transfers)	\$ 1,900,000	\$ 1,912,835	\$ 1,856,500
<hr/>			
<u>Expenditures</u>			
Personal Services	\$ 1,198,910	\$ 1,184,019	\$ 1,180,181
State Contributions to State			
Employees' Retirement System	252,492	196,155	136,057
State Contributions to Social Security	87,887	86,919	85,582
Contractual Services	108,960	151,745	177,612
Travel	16,339	13,013	18,427
Commodities	4,412	4,744	3,528
Printing	3,891	3,719	3,527
Equipment	1,057	5,088	26,293
Electronic Data Processing	56,384	42,399	42,481
Telecommunications	36,852	36,432	41,448
	<hr/>	<hr/>	<hr/>
Total Expenditures	\$ 1,767,184	\$ 1,724,233	\$ 1,715,136
	<hr/>	<hr/>	<hr/>
Lapsed Balances	\$ 132,816	\$ 188,602	\$ 141,364
	<hr/>	<hr/>	<hr/>
Salaries paid from the Comptroller's Executive Salary Appropriation:			
Board Chairman	\$ 104,358	\$ 100,538	\$ 92,890
Four State Panel Board Members	375,082	361,948	334,414
Two Local Panel Board Members	187,852	180,974	131,416
	<hr/>	<hr/>	<hr/>
Total Expenditures from Comptroller's Executive Salaries Appropriation	\$ 667,292	\$ 643,460	\$ 558,720
	<hr/>	<hr/>	<hr/>



STATE OF ILLINOIS  
LABOR RELATIONS BOARD  
**SCHEDULE OF CHANGES IN STATE PROPERTY**  
For the Two Years Ended June 30, 2009

	Equipment
Balance at July 1, 2007	\$ 185,220
Additions	56,422
Deletions	(129)
Net Transfers	(3,623)
Balance at June 30, 2008	\$ 237,890
Balance at July 1, 2008	\$ 237,890
Additions	13,351
Deletions	0
Net Transfers	(80,736)
Balance at June 30, 2009	\$ 170,505

Note: The above schedule has been derived from Board records which have been reconciled to property records 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>2009</u>	<u>2008</u>	<u>2007</u>
Copies	\$ 1,287	\$ 1,352	\$ 1,616
Miscellaneous	<u>0</u>	<u>35</u>	<u>0</u>
Total General Revenue Fund	<u><u>\$ 1,287</u></u>	<u><u>\$ 1,387</u></u>	<u><u>\$ 1,616</u></u>

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

<u>General Revenue Fund (001)</u>	<u>2009</u>	<u>2008</u>
Receipts per Department Records	\$ 1,287	\$ 1,387
Add: Deposits in Transit, Beginning of Year	150	105
Less: Deposits in Transit, End of Year	<u>0</u>	<u>(150)</u>
Deposits Recorded by the Comptroller	<u>\$ 1,437</u>	<u>\$ 1,342</u>

STATE OF ILLINOIS  
LABOR RELATIONS BOARD  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES**  
For the Two Years Ended June 30, 2009

**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2008 AND 2009**

Variations in expenditures were considered significant if differences were greater than 20% and \$2,000.

**General Revenue Fund-001**

State Contribution to State Employees' Retirement System

State contribution to State Employees' Retirement System expenditures increased during Fiscal Year 2009 due to the required contribution percentage increasing from 16.561% in Fiscal Year 2008 to 21.049% in Fiscal Year 2009.

Contractual Services

Contractual services expenditures decreased due to the relocation of the Board's Springfield office from a leased office space to a State-owned building. In addition, fewer hearings were held during Fiscal Year 2008, resulting in a decrease in legal fees.

Travel

Travel expenditures increased due to the relocation of the Board's Springfield office. Board personnel from Chicago traveled to Springfield, incurring lodging, transportation, and per diem costs, to assist with the relocation.

Equipment

Equipment expenditures decreased due to a one-time purchase in Fiscal Year 2008. In Fiscal Year 2008, chairs were purchased for the Board's Chicago location, and this type of purchase was not repeated in Fiscal Year 2009.

Electronic Data Processing

Electronic data processing expenditures increased during Fiscal Year 2009 due to network relocation costs of the Board's Springfield office. In addition, the Board became users of the Department of Central Management Services email service, increasing data center charges during Fiscal Year 2009 by an average of \$315 per month.

STATE OF ILLINOIS  
LABOR RELATIONS BOARD  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES**  
For the Two Years Ended June 30, 2009

**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2007 AND 2008**

Variations in expenditures were considered significant if differences were greater than 20% and \$2,000.

**General Revenue Fund-001**

State Contribution to State Employees' Retirement System

State contribution to State Employees' Retirement System expenditures increased during Fiscal Year 2008 due to the required contribution percentage increasing from 11.525% in Fiscal Year 2007 to 16.561% in Fiscal Year 2008.

Travel

Travel expenditures decreased during Fiscal Year 2008 due to an overall decrease in travel. The Board curtailed travel and the Chairman of the Board did not travel to Springfield for Legislative sessions as much as she did during Fiscal Year 2007 in a conscious effort to reduce costs.

Equipment

Equipment expenditures decreased in Fiscal Year 2008 due to the Board's shift to the use of electronic books. The Board determined that paper books no longer needed to be purchased because the electronic books available were less costly.

STATE OF ILLINOIS  
LABOR RELATIONS BOARD  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS**  
For the Two Years Ended June 30, 2009

The Board receives minimal receipts. The majority of the Board's receipts are for copy fees for arbitration awards which vary from year to year.

STATE OF ILLINOIS  
LABOR RELATIONS BOARD  
**ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING**  
For the Two Years Ended June 30, 2009

**FISCAL YEAR 2009**

**General Revenue Fund - 001**

Electronic Data Processing

Expenditures totaling \$30,000 were due to a contract that was signed prior to June 30<sup>th</sup>, but was not processed until the lapse period. The Board contracted for services to convert the local panel system to a more user-friendly database format. In addition, the Board purchased a new printer for the Chicago office, and the Board received the bill for computer recycling. Both, totaling \$1,637, were incurred prior to June 30<sup>th</sup>, but the related invoices were not received and paid for until the lapse period.

**FISCAL YEAR 2008**

**General Revenue Fund - 001**

Equipment

Expenditures totaling \$2,564 were due to the purchase of chairs for the Chicago office. The purchase was approved prior to June 30, but the related invoice was not received and processed until the lapse period.

STATE OF ILLINOIS  
LABOR RELATIONS BOARD  
**ANALYSIS OF OPERATIONS**  
For the Two Years Ended June 30, 2009

**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 were consolidated.

The Illinois Public Labor Relations Act sets forth the rules, regulations, and procedures for labor relations and collective bargaining between public employers and employees in Illinois. The Act regulates the designation of employee representatives; the negotiation of wages, hours, and other conditions of employment; and the resolution of disputes arising under collective bargaining comprised of persons experienced in labor relations, to expeditiously and fairly resolve disputes between public employees and employers. The Board is also responsible for determining whether to decertify police officers based on the commission of perjury in a murder case pursuant to Section 6.1 of the Illinois Police Training Act, 50 ILCS 705/6.1 (2004), as amended.

The State Panel consists of a chairman and four members who are appointed by the Governor with the advice and consent of the Senate. One new member was appointed during the examination period. The members as of June 30, 2009 were:

- Jackie Gallagher, Chairman
- Michael Coli
- Mike Hade
- Rex Piper
- Albert Washington

The Local Panel consists of the chairman and two additional members, one appointed by the Mayor of the City of Chicago and one appointed by the President of the Cook County Board of Commissioners. The members as of June 30, 2009 were:

- Jackie Gallagher, Chairman
- Charles Anderson
- Edward Sadlowski



STATE OF ILLINOIS  
LABOR RELATIONS BOARD  
**ANALYSIS OF OPERATIONS**  
For the Two Years Ended June 30, 2009

**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.

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

STATE OF ILLINOIS  
LABOR RELATIONS BOARD  
**AVERAGE NUMBER OF EMPLOYEES**  
For the Two Years Ended June 30, 2009

**AVERAGE NUMBER OF EMPLOYEES**

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

<u>Division</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Executive Director	1	1	1
Technical Advisors	7	7	8
Investigators and Supervisors	4	4	4
Administrative and Clerical	8	8	8
Total average full-time employees	<u>20</u>	<u>20</u>	<u>21</u>
Paid from Comptroller's Executive			
Salaries Appropriation			
Board Chairman	1	1	1
Board Members	6	6	6
Total average Board members	<u>7</u>	<u>7</u>	<u>7</u>

STATE OF ILLINOIS  
LABOR RELATIONS BOARD  
**ANALYSIS OF OPERATIONS**  
For the Two Years Ended June 30, 2009

**SERVICE EFFORTS AND ACCOMPLISHMENTS (NOT EXAMINED)**

The Illinois Public Labor Relations Act (Act) (5 ILCS 315) created a process whereby two general types of cases are filed: representation cases (RC, RM, VR, RD, UC, DD, 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 employers 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 Judge's Recommended Decision or Board Order. Additionally, the Executive Director will occasionally issue an Order Directing an Election after resolving certain issues or dismiss the petition if it is untimely.

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 bargaining representative for employees in an appropriate unit.
2. Employer's Representation Petitions (RM cases) are filed by an employer alleging that one or more labor organizations have presented a claim to be recognized as an exclusive collective bargaining representative for a majority of the employees in an appropriate unit.
3. Voluntary Recognition Petitions (VR cases) are requests for certification of a unit without an election where the labor organization demonstrates it has a majority showing of interest in an appropriate unit and the employer voluntarily recognizes them as the unit's exclusive representative.

STATE OF ILLINOIS  
LABOR RELATIONS BOARD  
ANALYSIS OF OPERATIONS  
For the Two Years Ended June 30, 2009

**SERVICE EFFORTS AND ACCOMPLISHMENTS (NOT EXAMINED), CONTINUED**

4. Decertification Petitions (RD cases) seek a determination as to whether a majority of the employees in an appropriate bargaining unit maintain their desire to be represented by the existing exclusive bargaining representative.
5. Unit Clarification Petitions (UC cases) are filed by an exclusive collective bargaining representative or an employer seeking to clarify or amend an existing bargaining unit through the addition or deletion of a position without an election.
6. Petitions to Amend Certification (AC cases) are filed by an exclusive collective bargaining representative seeking to amend its certification whenever there is a change in its name or structure.
7. Declaration of Disinterest Petitions (DD cases) are filed by the labor organization to declare its disinterest in further representation of that bargaining unit.

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

<b>Various Types of Representation Cases Filed</b>	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>
RC Representation/Certification Petition	215	188	186
RM Employer's Representation Petition	0	0	0
VR Voluntarily Recognition Petition	10	3	7
RD Decertification Petition	6	13	6
UC Unit Clarification Petition	163	268	121
AC Petition to Amend Certification	11	1	2
DD Declaration of Disinterest Petition	<u>2</u>	<u>6</u>	<u>8</u>
 Total Representation Cases Filed	 <u>407</u>	 <u>479</u>	 <u>330</u>

**Declaratory Rulings**

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

STATE OF ILLINOIS  
LABOR RELATIONS BOARD  
**ANALYSIS OF OPERATIONS**  
For the Two Years Ended June 30, 2009

**SERVICE EFFORTS AND ACCOMPLISHMENTS (NOT EXAMINED), CONTINUED**

**Mediation Cases**

The investigative staff and attorneys mediate and advise parties on all unfair labor practice charges both during the investigation and just before the commencement of a hearing. These discussions, many times, will 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 withdraw. The overall process discourages strikes and other labor unrest.

Additionally, the Board provides Mediation/Arbitration (MA cases) 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 services employees (security employees, peace officers, firefighters) from striking. Disputes over their negotiations are subject to mandatory mediation and interest arbitration. Units of non-protective services employees utilize mediation in the even impasse, and can only use interest arbitrations 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>2009</u>	<u>2008</u>	<u>2007</u>
Mediation/Arbitration Petitions	305	281	281
Grievance Arbitration Requests	<u>15</u>	<u>16</u>	<u>15</u>
Total Mediation/Arbitration Cases	<u>320</u>	<u>297</u>	<u>296</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. The Board has 72 hours to determine whether such a clear and present danger exists. The employer may then take the Board’s findings to Circuit Court to seek to enjoin the work stoppage in a manner that would eliminate the danger. When employees have been enjoined from striking pursuant to this procedure, interest arbitration is used to resolve the issues in dispute.

STATE OF ILLINOIS  
LABOR RELATIONS BOARD  
ANALYSIS OF OPERATIONS  
For the Two Years Ended June 30, 2009

**SERVICE EFFORTS AND ACCOMPLISHMENTS (NOT EXAMINED), CONTINUED**

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

<b>Unfair Labor Practice Charges</b>	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>
CA Charge Against Employer	372	314	334
CB Charge Against Labor Organization	<u>100</u>	<u>65</u>	<u>74</u>
Total Unfair Labor Practice Cases	<u>472</u>	<u>379</u>	<u>408</u>
<b>Total Cases Filed (Representation, Mediation and Unfair Labor Practice Cases)</b>	<b><u>1,199</u></b>	<b><u>1,155</u></b>	<b><u>1,034</u></b>
<b>Total Expenditures</b>	\$1,710,466	\$1,724,235	\$1,715,136
<b>Total Expenditures per Case Filed</b>	\$1,427	\$1,493	\$1,659