

# Public Employment Relations Board

## 2015 SLAA REPORT

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January 4, 2016

David Lanier, Secretary  
California Labor and Workforce Development Agency  
800 Capitol Mall, Suite 5000  
Sacramento, CA 95814

Dear Mr. Lanier,

In accordance with the State Leadership Accountability Act (SLAA), the Public Employment Relations Board submits this report on the review of our systems of internal control and monitoring processes for the biennial period ended December 31, 2015.

Should you have any questions please contact Mary Ann Aguayo, Chief Administrative Officer, at (916) 322-3112, [maguayo@perb.ca.gov](mailto:maguayo@perb.ca.gov).

### **BACKGROUND**

In 1976, the Educational Employment Relations Board was established to serve as a neutral entity to improve personnel management and employer-employee relations in California's public school systems (SB160/1975 Educational Employment Relations Act). At that time, this quasi-judicial Board maintained jurisdiction over 1,170 public school employers and approximately 450,000 employees and their employee organizations in matters of representation and collective bargaining negotiations. In 1977, the Board's jurisdiction was expanded to cover State civil service employees and its name changed to the Public Employment Relations Board (PERB).

PERB has experienced significant growth in its jurisdiction and today administers eight labor relations statutes. PERB is responsible for maintaining labor harmony between the State's public employers and approximately 2.3 million employees of California's public schools, colleges, and universities; employees of the State of California; employees of California local public agencies (cities, counties and special districts); trial court employees; trial court interpreters; in-home service providers; and supervisory employees of the Los Angeles County Metropolitan Transportation Authority. PERB is administered by a five-member Board appointed by the Governor and confirmed by the State Senate and plays a crucial role in resolving labor disputes.

Headquartered in Sacramento, PERB maintains three regional offices in Glendale, Oakland, and Sacramento. There are four Divisions that report to the appointed Board. These include the Office of the General Counsel, Division of Administrative Law, Division of State Mediation and Conciliation Service, and the Division of Administration. The Division of State Mediation and Conciliation Service is a new addition to PERB as it was transferred from the Department of Industrial Relations in July 2012 to complement the promotion of harmonious labor-management relations.

Maintaining the capacity to timely resolve labor disputes is vital for PERB to achieve its mission. In its quasi-judicial role, PERB staff demonstrate integrity and neutrality in the operation and administration of their roles. PERB's major functions include:

- Conduct elections to determine whether employees wish to have an employee organization exclusively represent them in their labor relations with their employer.
- Remedy unfair practices, whether committed by employers or employee organizations.
- Investigate impasse requests that may arise between employers and employee organizations in their labor relations in accordance with statutorily established procedures.
- Ensure that the public receives accurate information and has the opportunity to register opinions regarding the subjects of negotiations between public sector employers and employee organizations.
- Interpret and protect the rights and responsibilities of employers, employees, and employee

organizations under the statutory schemes.

- Bring action in a court of competent jurisdiction to enforce PERB's decisions and rulings.

These services are performed statewide by 57 staff.

## **RISK ASSESSMENT PROCESS**

PERB practices risk assessment throughout its planning and operations, and meets regularly to identify potential risks. Specific actions include:

- **Identification** - PERB conducted a public survey in late 2014 and also an assessment of internal operations to gain insight as to perception of service levels and needs, and to identify strengths, weaknesses, opportunities, and threats.
- **Ranking** - The outcome of the survey and assessment were evaluated and potential areas of concern identified.
- **Controls** - PERB relies on internal controls to ensure that its assets are safeguarded and its resources managed in a fiscally responsible manner. Management reviews the controls annually and modifies them as needed.
- **Monthly Administrative Committee Meetings** - The Chairperson and one Board Member, along with the four managers meet monthly. These meetings include discussions on operational risks and compliance issues. Decisions are made on areas or projects that are experiencing scope, schedule, or resource issues.
- **Compliance Audits** - Control agency reporting and audits conducted ensure effective fiscal controls are in place, as well as further identify areas of risks that can be addressed. These processes complement internal risk assessment efforts.

The Designated Agency Monitor (Monitor) role for PERB is its Chief Administrative Officer. The Monitor facilitated the risk assessment process and worked with the Administrative Committee to conduct the self-assessment. The assessment reviewed the respective programs, took into consideration existing internal controls, and the external survey. The survey of constituents focused on measuring their satisfaction with PERB's service levels late in 2014. This allowed constituents to identify concerns and issues that may not have been pinpointed in an internal study.

Identified risks were reviewed, categorized, and consolidated. The results demonstrate that the highest ranking areas of risk are those impacted by resource deficiencies. Such risks include staffing levels insufficient to address statutory mandates, key person dependence, compliance and separation of duty issues, and lack of an employee development and training program.

## **EVALUATION OF RISKS AND CONTROLS**

### **Compliance- External- Funding—Sources, Levels**

PERB administers a growing number of statutory obligations that have increased caseloads and overall workload while staff resources have significantly diminished.

Prioritize use of available resources to make improvements to PERB's infrastructure in order to increase efficiencies and effectiveness.

### **Operations- Internal- Staff—Key Person Dependence, Succession Planning**

PERB relies heavily on specific individuals with significant expertise and knowledge in key areas. This creates vulnerabilities for the Board when those individuals become temporarily or permanently unavailable.

Minimize key person dependence through establishment of succession planning efforts and increased cross-training.

### **Operations- Internal- Technology—Inadequate Support, Tools, Design, or Maintenance**

PERB relies on outdated technology to manage its caseload, interface with constituents, complete multiple reporting tasks, and generate operational assessments for decision-making.

Develop and execute solutions through the State's technology project implementation process. Focus on maintaining existing infrastructure for operational continuity.

## **ONGOING MONITORING**

Through our ongoing monitoring processes, the Public Employment Relations Board reviews, evaluates, and improves our systems of internal controls and monitoring processes. The Public Employment Relations Board is in the process of formalizing and documenting our ongoing monitoring and as such, we have determined we partially comply with California Government Code sections 13400-13407.

### **Roles and Responsibilities**

As the head of Public Employment Relations Board, Anita Martinez, Chairperson, is responsible for the overall establishment and maintenance of the internal control system. We have identified Mary Ann Aguayo, Chief Administrative Officer, as our designated agency monitor(s).

### **Frequency of Monitoring Activities**

As indicated previously, PERB holds monthly management meetings, during which current and potential control issues are identified and addressed. These meetings allow management to discuss issues that have arisen and the necessary steps that PERB must take to mitigate these issues. Management team members are encouraged to share opinions and experiences to assist in the process of evaluating and solving any issues that arise.

### **Reporting and Documenting Monitoring Activities**

Assessment and reporting will occur at least biannually. The management team will discuss current monitoring practices, necessary improvements, and overall monitoring success or weaknesses within each division. A report will then be compiled, summarized, and provided to the Chairperson.

The monitoring outcome will be shared with all staff, and they will be encouraged to ask questions about the results and inform management of any issues that may hinder or delay the fulfillment of PERB's statutory mission.

### **Procedure for Addressing Identified Internal Control Deficiencies**

Once an internal control deficiency is identified, the managers and subject matter experts of the impacted division(s) will design and plan the testing of controls necessary to mitigate the deficiency. It will then be vetted through the Administrative Committee. The impacted division(s) will develop an appropriate timeframe for response and resolution of the issue(s). The timeframe established will be dependent on a number of variables including the complexity of the issue, the number of divisions involved, the level of impact to PERB operations, and whether or not an external party such as a control agency needs to be involved.

## **CONCLUSION**

The Public Employment Relations Board strives to reduce the risks inherent in our work through ongoing monitoring. The Public Employment Relations Board accepts the responsibility to continuously improve by addressing newly recognized risks and revising risk mitigation strategies. I certify our systems of internal control and monitoring processes are adequate to identify and address material inadequacies or material weaknesses facing the organization.

Anita Martinez, Chairperson

cc: Department of Finance  
Legislature  
State Auditor  
State Library  
State Controller  
Secretary of Government Operations