

## EXECUTIVE SUMMARY

This is the 33rd semiannual report issued by the Office of Inspector General (OIG) at the Federal Labor Relations Authority (FLRA). This report, submitted pursuant to section 5 of the Inspector General Act, summarizes the major activities and accomplishments for the period of October 1, 2004 to March 31, 2005.

During this reporting period, the FLRA Inspector General conducted an audit of FLRA's implemented financial statement, processed 7 hotline calls, received 5 issues which involved administrative investigations, completed an internal review of FLRA's procurement of court reporting services and internal review related to FLRA's alternative work schedules. During this reporting period 2 security incidents occurred.

During this reporting period, the FLRA Inspector General provided FLRA management a complete listing of Inspector General oversight findings and recommendations from 1998 to the current time, highlighting open recommendations and requesting management's response to all previous and current recommendations. No response has been provided.

During this reporting period, the FLRA Inspector General assessed FLRA's management and performance challenges and conducted an independent assessment of FLRA's security information technology to comply with FISMA requirements.

The oversight activities completed during this reporting period and related recommendations do not provide immediate savings and, in fact, will actually require more resources to improve identified material weaknesses, high risks and vulnerable processes in FLRA's security programs. The oversight activities conducted during this reporting period also indicated that the FLRA also needs to focus on implementing cost effective management controls, updating FLRA policy and improving employee and customer human capital services.

During this reporting period, FLRA Management began to address the improvement of the efficiency and effectiveness of several programs which had previously been addressed by the Inspector General's oversight activities. These included information security, procurement and human capital. Management also contracted out Agency-wide position classification and cost analysis to ensure that the FLRA operates in a productive manner and is in compliance with the President's Management Agenda.

## THE FEDERAL LABOR RELATIONS AUTHORITY

The FLRA is an independent agency responsible for directing the labor-management relations for 1.9 million non-postal Federal employees world-wide, nearly 1.1 million of whom are exclusively represented in approximately 2,200 bargaining units. The FLRA is charged by the Federal Service Labor-Management Relations (The Statute), section 7105, with providing leadership in establishing policies and guidance relating to Federal sector labor-management relations, resolving disputes arising among Federal agencies and unions representing Federal employees, and ensuring compliance with the Statute.

The FLRA represents the Federal government's consolidated approach to labor-management relations. It is "three components in one," fulfilling legal statutory responsibilities through its three primary operational components – the Authority, the Office of General Counsel and the Federal Service Impasses Panel. The FLRA has 7 regional offices and two satellite offices. The FLRA also provides full staff support to two other organizations – the Foreign Service Impasses Disputes Panel and the Foreign Service Labor Relations Board.

The Authority is a quasi-judicial body with three full-time Members who are appointed for 5-year terms by the President, with the advice and consent of the Senate. One member is appointed by the President to serve as Chairman of the Authority and as Chief Executive and Administrative Officer of the FLRA.

The Authority adjudicates disputes arising under the Statute, deciding cases concerning the negotiability of collective bargaining agreement proposals, unfair labor practice (ULP) allegations, representation petitions, and exceptions to grievance arbitration awards. In addition, consistent with its statutory responsibility to provide leadership in establishing policies and guidance to participants in the Federal labor-management relations program, and as part of the Collaboration and Alternative Dispute Resolution (CADRE) Program described below, the Authority assists Federal agencies and unions in understanding their rights and responsibilities under the Statute and resolving their disputes through interest-based problem-solving rather than adjudication.

In addition to the three Member Offices, the Authority component of the FLRA also houses the Office of Administrative Law Judges, the Collaboration and Alternative Dispute Resolution Office, the Office of the Solicitor, the Office of the Executive Director, and the Office of the Inspector General.

**Office of the Administrative Law Judges:** The FLRA's Administrative Law Judges (ALJs) are appointed by the Authority to hear and prepare recommended decisions in

cases involving alleged ULPs. In addition, ALJs issue decisions involving applications for attorney fees and files pursuant to the Back Pay Act or the Equal Access to Justice Act. The decisions of the ALJs may be affirmed, modified, or reversed, in whole or in part, by the Authority. If no exceptions are filed to an ALJ's decisions, the decision is adopted by the Authority and becomes final and binding on the parties. The ALJs also issue subpoenas as requested by the parties. While performing their duties, the ALJs engage in settlement efforts throughout all stages of the process and conduct pre-hearing conferences in all ULP cases.

**Office of Policy, Project & Performance Management:** The Office of Policy, Project & Performance Management is responsible for agency-wide strategic policy and planning, including the role of chief human capital officer. The office also provides oversight with respect to FLRA performance management initiatives. The office drafts, reviews, and approves all agency-wide instructions and policies; oversees the Chairman's and the Administration's initiatives; and develops agency-wide initiatives, which upon the Chairman's final approval are implemented through the Office of the Executive Director. The office also houses the agency's congressional affairs function and serves as the Chairman's primary point of contact with the Solicitor, Executive Director, EEO Director, and Inspector General.

**Collaboration and Alternative Dispute Resolution (CADR) Office:** The CADR Office is responsible for coordinating, supporting, and expanding the unified CADR Program. This program involves a variety of collaboration and alternative dispute resolution techniques at all steps of the process, from investigation and prosecution to the adjudication of cases and resolution of bargaining impasses. The CADR Program also provides facilitation and training programs to assist labor and management in developing constructive approaches to conducting their relationship.

**Office of the Solicitor:** The Office of the Solicitor represents the Authority in court proceedings before all United States Courts, including the U.S. Supreme Court, U.S. Courts of Appeals, and Federal District Courts. The office serves as the agency's in-house counsel, providing legal advice to all FLRA components. The Solicitor is also the Designated Agency Ethics Officers under the Ethics in Government Act of 1978, as amended.

**Office of the Executive Director:** The Office of the Executive Director provides operational support to all components of the FLRA, including budget and finance, human resources, procurement, administrative services, and information resources management and is responsible for developing and implementing agency-wide initiatives, such as strategic planning.

**Office of the Inspector General:** The Office of the Inspector General is responsible

for directing and carrying out audits and investigations related to the FLRA programs and operations. In addition, the office recommends policies that promote economic, efficient, and effective agency programs that prevent fraud, waste and abuse. The office is responsible for keeping the Chair and the Congress fully informed of problems and

deficiencies, as well as the necessity for corrective action. The Office of the Inspector General is mandated by Public Law 100-504 and the Inspector General Act Amendments of 1988.

***The Office of the General Counsel:*** The Office of the General Counsel (OGC) is the independent investigative and prosecutorial component of the FLRA. The OGC investigates all ULP charges filed by labor or management and prosecutes all ULP complaints before the Authority. The General Counsel, who is appointed by the President with the advice and consent of the Senate for a 5-year term, manages all OGC employees who comprise over 50 percent of the FLRA's staff. Most of the OGC's staff serve in the FLRA's seven regional offices located in Atlanta, Boston, Chicago, Dallas, Denver, San Francisco, and Washington, DC. The Office of the General Counsel also operates 2 satellite offices, located at Brea, California and Cleveland Ohio. The regional and satellite offices investigate and settle or prosecute ULP claims, actively encouraging the use of collaboration and alternative dispute resolution at every step, to ensure compliance with all ULP orders issued by the Authority. The regional offices also receive and process representation petitions, and provide facilitation, intervention, training, and education services to the parties. The General Counsel reviews all appeals of a Regional Director's decision not to issue a ULP complaint and establishes policies and procedures for processing ULP charges.

***The Federal Service Impasses Panel:*** The Federal Service Impasses Panel (FSIP or the Panel) is composed of seven part-time Members who are appointed by the President to serve for a 5-year term. One Member is appointed by the President to serve as the Panel Chair. The Panel resolves bargaining impasses between Federal agencies and unions representing Federal employees arising from negotiations over conditions of employment under the Statute and the Federal Employees Flexible and Compressed Work Schedules Act. If bargaining between the parties, followed by mediation assistance, proves unsuccessful, the Panel has the authority to recommend procedures and to take whatever action it deems necessary to resolve the impasse.

***The Foreign Service Labor Relations Board:*** The Foreign Service Labor Relations Board (the Board) was created by the Foreign Service Act of 1980 to administer the labor-management relations program for Foreign Service employees in the U.S.

Information Agency, the Agency for International Development, and the Departments of State, Agriculture and Commerce. The Board is composed of three Members, including the Chairman of the Authority who appoints the other two Members, who serve on a part-time basis. The Chairman of the Authority also serves as Chairman of the Board. The FLRA General Counsel acts as General Counsel for the Board, and the Authority staff provides necessary support to the Board.

***The Foreign Service Impasse Disputes Panel:*** The Foreign Service Impasse Disputes Panel (the Disputes Panel) was also created by the Foreign Service Act of 1980. The Disputes Panel is composed of five part-time Members who are appointed by the Chairman of the Foreign Service Labor Relations Board (the FLRA Chair). The Disputes Panel resolves bargaining impasses between Federal agencies and Foreign Service personnel in the U.S. Information Agency, the Agency for International Development, and the Departments of State, Agriculture, and Commerce, over conditions of employment under the Foreign Service Act of 1980. The FSIP staff supports the Disputes Panel.

The FLRA's headquarters is located in Washington, D.C. The FLRA maintains regional offices in Atlanta, Boston, Chicago, Dallas, Denver, San Francisco, and Washington, D.C. The FLRA now has 187 full-time equivalents (FTE's ) and had a 2004 budget appropriation of \$29,436,000.

## **FLRA MISSION STATEMENT**

The Federal Labor Relations Authority exercises leadership under the Federal Service Labor-Management Relations Statute to promote stable, constructive labor relations that contribute to a more effective Government.

The mission of the FLRA is to carry out five primary statutory responsibilities as efficiently as possible and in a manner that gives full effect to the rights afforded employees and agencies under the Statute.

Under the Statute, the primary responsibilities of the FLRA include:

- Determining the appropriateness of units for labor organization representation;
- Adjudicating exceptions to arbitrator's awards;
- Resolving complaints of unfair labor practices; and
- Resolving impasses and issues relating to the duty to bargain.

## **OFFICE OF INSPECTOR GENERAL**

The FLRA's Office of Inspector General was established pursuant to Public Law 100-504, the Inspector General Act Amendments of 1988, which amended Pub. L. 95-452, and the Inspector General Act of 1978. The Inspector General reports directly to the FLRA Chairman. As set forth in the authorizing legislation, the FLRA Inspector General:

- Conducts and supervises internal reviews, audits and evaluations of the programs and operations of the FLRA;
- Provides leadership and coordination, and recommends actions to management, which: (1) promote economy, efficiency, and effectiveness in agency programs and operations; and (2) prevent and detect fraud, waste, abuse, and mismanagement of government resources; and
- Keeps the Chairman, FLRA management, and the Congress fully informed regarding problems and deficiencies, and the progress of corrective action.

The Inspector General's Office is currently staffed with one full time Inspector General and one full time Management Analyst (upward mobility position). When required, the FLRA Inspector General uses contractor auditors to perform audits. The Office of the Inspector General's FY 2005 budget was reduced from \$161,000 in 2004 to \$77,500. The FLRA Inspector General submitted a request for an increase in operational funding in the FLRA Office of Inspector General FY 2005 budget submission. The lack of staff and increased oversight activities required by law (annual security and financial statements audits) provided the basis for this requests. The FY 2005 FLRA Office of the Inspector General Budget specifically provided the audit funds for the FY 2005 FLRA Financial Statement Audit.

## **OFFICE OF INSPECTOR GENERAL MISSION STATEMENT**

The mission of the FLRA Office of Inspector General is to provide FLRA leadership, along with an independent and objective assessment of the organization's efficiency and effectiveness. This is accomplished through proactive evaluations of FLRA operational processes. The Inspector General provides necessary oversight and serves as a catalyst for improving and maximizing the efficiency and integrity of FLRA programs and operations. The goal of the Inspector General's work is to maximize the effectiveness of FLRA programs by evaluating performance and identifying ways to make these programs more efficient and effective. In addition, the FLRA Inspector General strives to prevent and detect fraud, waste, abuse, and mismanagement of the FLRA's resources and operations which could adversely impact the organization's

integrity and ability to perform its mission in a timely, customer responsive manner.

The primary objectives of the Office of Inspector General are as follows:

- To evaluate the efficiency and effectiveness of FLRA program and resource management and identify best practices, as well as causative factors, impeding the accomplishment of the FLRA mission.
- To assist the Chairman and FLRA management in carrying out their responsibilities by providing them with objectives and timely information on the conduct of FLRA operations, together with the Inspector General's independent analysis, conclusions, and recommendations.
- To use evaluations, internal reviews, and more traditional assessment tools of audits, inspections, and investigations, to maximize oversight and strengthen system and process controls.
- To support the Administration and Congress in maximizing Government integrity and efficiency and minimizing the occurrence of fraud, waste, abuse, and mismanagement.

### **AUDIT/INTERNAL REVIEW ACTIVITY**

During this reporting period the following audits and reviews were performed by the FLRA Office of the Inspector General in compliance with Government auditing standards:

#### **Audit of FLRA Financial Statements**

**Closed**

During this reporting period, the Office of the Inspector General conducted its first audit of FLRA's compliance with Financial Statements which were implemented in 2004. The audit included the review of FLRA's balance sheet and the related statements of net cost, changes in net positions budgetary resources and financing for fiscal year 2004. This audit included a comprehensive review of FLRA internal controls and risk assessments related to management of the financial statements. This audit noted one matter involving internal controls and operations related to compliance with the Federal Information Security and Management Act of 2002 which was previously identified as a material weakness by the Inspector General 2004 Audit of FLRA's Security Programs.

This Audit of FLRA's Financial Statements stated that the high risks identified in

several information security areas could negatively impact the FLRA's financial management system. This audit also revealed that a significant amount of FLRA's policies and procedures were out of date and need to be updated to address FLRA's compliance with Federal operations. A review of FLRA's compliance with the Federal Management Improvement Act of 1996 disclosed no instances of non-compliance. This audit also provided several suggestions which would strengthen internal controls and make FLRA operations more efficient. These vulnerabilities will be reviewed in the FY 2005 Audit of FLRA's Financial Statements. This report was issued on November 12, 2004. Recommendations related to this audit are listed on page 18.

**Internal Review of FLRA Court Reporting Procurement                      Closed**

During this reporting period, the FLRA Inspector General conducted an internal review of FLRA's court reporting services which is an essential part of FLRA's statutory mission. This review revealed that FLRA's court reporting services have been outsourced since FLRA's inception until 2004. In March 2004, the existing contract expired and there was insufficient time to compete for a new contract. FLRA management addressed this essential requirement by using blanket purchase agreements. This process required much more paperwork but addressed FLRA's immediate need of court reporting services and did not have any negative impact on FLRA's requirement. This review also revealed that toward the end of FY 2004, FLRA management submitted a court reporting contract statement of work through the Department of Treasury FedSource. FLRA management did not accept this contract because of its extensive price and has continued using blanket purchase orders for FLRA's court reporting services. Recommendations related to this internal review are listed on page 20.

**Internal Review of FLRA's Alternative Work Schedule                      Closed**

As a followup to a FLRA Inspector General investigation, a comprehensive review of FLRA's alternative work schedule compliance was conducted during this reporting period. This review revealed that FLRA implemented alternative work schedules in support of the 1994 Presidential Memorandum and created a pilot program which allowed FLRA employees to register for one of two flexible work schedules. This review revealed that over the past five years, there were only a few times that fixed and flexiplace employees engaged in improper actions. These few times related to misunderstanding of the employee's work schedule requirements and were corrected. This review revealed that most FLRA supervisors and just about all FLRA employees thought that alternative work schedules were beneficial. Three FLRA supervisors stated they did not like the alternative work schedules because they felt it had a negative effect on work productivity. Only one FLRA time keeper had a problem



with some flexiplace employees who failed to sign in and our on every day. This review verified that no Agency training has been conducted since 2001 but most employees were aware of their requirements and have read FLRA's related policy. Recommendations related to this internal review are listed on page 20.

## **Required Reports**

### **FLRA Inspector General FISMA Report**

**Closed**

During this reporting period, the FLRA completed a comprehensive review of FLRA's information security and addressed all elements of NIST guidance which revealed material weaknesses. These weaknesses involved the lack of information security policy, system controls, system software controls, continuity controls and contingency planning. During FY 2004, several major information technology systems were made. Although the FLRA Chief Information Officer provided information security information several times by e-mail, no agency wide training has been provided. Management needs to focus more on FLRA information security needs (has begun to do so during this reporting period.)

### **FLRA Inspector General PAR Report**

**Closed**

During this reporting period, the FLRA Inspector General assessed FLRA's FY 2004 management performance and accountability. This review revealed some challenging human capital issues, the need to eliminate management conflicts of interest and fill statutory required positions to ensure that administrative programs are being managed appropriately in compliance with Federal requirements. This review noted that management needs to focus on its current work environment by supporting professional and productive interaction with all levels of management and employees, focus on employee and customer service and address vulnerabilities which are identified by management and the Inspector General before they become significant problems.

### **FLRA Security Incidents**

During this reporting period, the FLRA had two security incidents. One involved the stealing of a projector from a FLRA Regional Office Attorney's vehicle. The second involved an FLRA employee being stuck in a FLRA Headquarters elevator for approximately 20 minutes, until the elevator was fixed.

## **Inspector General Training**

During this reporting period, the FLRA Inspector General had the following training:

Government Leadership  
Internal Auditors Government Seminar

## **Legislative Review/Comments**

During this reporting period, the FLRA Inspector General has reviewed and provided comments for the following policies:

OMB Circular A-123  
PCIE/ECIE Strategic Framework  
Proposed Inspector General Act

## Investigation Activity

During this reporting period, the FLRA Inspector General conducted 5 administrative investigations.

### Office of the Inspector General FY 2005 Investigation Log

Case No.	Subject	Date Received	Status
2005-1-01	Anonymous letter alleging FLRA employees abuse of AWS.	12-07-04	Investigation Closed 03-21-05
2005-I-02	FLRA employee alleges supervisor using a FLRA employee/attorney during business hours to represent the supervisor in a personal legal case.	1-11-05	Investigation Closed 02-05-05
2005-I-03	FLRA Regional Office had extensive problems & scams on their computers.	2-23-05	Investigation Closed 05-11-05
2005-I-04	Union alleges unprofessional conduct by FLRA Regional Attorney in case.	2-14-05	Investigation Closed 06-03-05
2005-I-05	FLRA Regional Office Employee threatened by potential customer.	3-21-05	Investigation in process by FLRA IG

## Hotline Calls

During this reporting period, the FLRA Inspector General processed seven calls.

Federal Labor Relations Authority  
Office of the Inspector General  
FY 2005 Hotline Log

Case No.	Subject	Date Received	Status
2005-H-01	Dept. of Veterans Affairs employee alleged improper handling of his disability resulting in administering leave without pay.	10/04/04	Closed. Referred to Dept. of Veteran Affairs Inspector General. 10/04/0
2005-H-02	FLRA employee alleged complaints regarding the FLRA's travel services.	10/14/04	Closed. Referred to FLRA Administrative Services Division Travel Officer. 10/15/04
2005-H-03	FLRA employee alleged improper management access to former employees internet and email.	10/26/04	Closed 11/01/04
2005-H-04	Former FAA traffic controller alleged improper treatment of 32 controllers.	10/29/04	Closed. Referred to Department of Transportation Inspector General. 11/01/04

Case No.	Subject	Date Received	Status
2005-H-05	Florida state employee alleges improper management actions concerning employees.	11/9/04	Closed. Referred to Department of Labor Inspector General. 11/11/04
2005-H-06	Private sector employee alleges private sector firm denied his appropriate tenure.	12/22/04	Closed. Referred to the Department of Labor Inspector General. 12/26/04
2005-H-07	Non federal contractor alleges improper work compensation provided to former employee.	1/04/05	Closed. Referred to Department of Labor. 1/4/05

**SPECIFIC REPORTING REQUIREMENTS OF  
THE INSPECTOR GENERAL ACT OF 1978, AS AMENDED**

The following provides the report page references containing the Inspector General responses, if any, to specific reporting requirements set forth in certain sections of the Inspector General Act of 1978, as amended.

<b>Section 4(a)(2)</b>	<b>Review of legislation and regulations.</b>	<b>None</b>
<b>Section 5(a)(1)</b>	<b>Significant problems, abuses, and deficiencies.</b>	<b>None</b>
<b>Section 5(a)(2)</b>	<b>Recommendations with respect to significant problems, abuses, or deficiencies.</b>	<b>Pg 20</b>
<b>Section 5(a)(4)</b>	<b>Matters referred to prosecutorial authorities.</b>	<b>None</b>
<b>Section 5(a)(5)</b>	<b>Summary of instances where information was refused.</b>	<b>None</b>
<b>Section 5(a)(6)</b>	<b>List of audit/internal review activity.</b>	<b>Pg 7</b>
<b>Section 5(a)(7)</b>	<b>Summary of significant reports.</b>	<b>Pg 8</b>
<b>Section 5(a)(8)</b>	<b>Statistical table of reports with questioned costs.</b>	<b>None</b>
<b>Section 5(a)(9)</b>	<b>Statistical table of reports with recommendations that funds be put to better use.</b>	<b>None</b>
<b>Section 5(a)(10)</b>	<b>Summary of previous reports without management decisions.</b>	<b>None</b>
<b>Section 5(a)(11)</b>	<b>Significant management decision revised during this period.</b>	<b>None</b>
<b>Section 5(a)(12)</b>	<b>Significant management decision with which the Inspector General disagrees.</b>	<b>None</b>

**TABLE I: INSPECTOR GENERAL AUDIT REPORTS WITH QUESTIONED COSTS**

INSPECTOR GENERAL REPORTS WITH QUESTIONED COSTS	NUMBER OF REPORTS	DOLLAR VALUE	
		Questioned Costs	
A. For which no management decision has been made by the commencement of the reporting period.	0	0	
B. Which were issued during the reporting period.	0	0	
C. For which a management decision was made during the reporting period.	0	0	
(i) dollar value of disallowed costs.	0	0	
(ii) dollar value of costs not disallowed.	0	0	
D. For which no management decision has been made by the end of the reporting period.	0	0	

**TABLE II: INSPECTOR GENERAL AUDIT REPORTS WITH RECOMMENDATIONS THAT FUNDS BE PUT TO BETTER USE**

INSPECTOR GENERAL REPORTS WITH RECOMMENDATIONS THAT FUNDS BE PUT TO BETTER USE	NUMBER OF REPORTS	DOLLAR VALUE
A. For which no management decision has been made by the commencement of the reporting period.	0	0
B. Which were issued during the reporting period.	0	0
C. For which a management decision was made during the reporting period.	0	0
(i) dollar value of recommendations that were agreed to by management.	0	0
(ii) dollar value of recommendations that were not agreed to by management.	0	0
D. For which no management decision was made by the end of the reporting period.	0	0



**FLRA INSPECTOR GENERAL  
Oversight Activities Summary  
October 1, 2004 - March 31, 2005**

<b>Subject</b>	<b>Status</b>
<b>Internal Review of FLRA's Procurement of Court Reporting Services</b>	<b>Completed</b>
<b>Internal Review of FLRA's Alternative Work Schedules</b>	<b>Completed</b>
<b>Audit of FLRA Financial Statements</b>	<b>Completed</b>
<b>Evaluation of FLRA Compliance with FISMA Act</b>	<b>Completed</b>
<b>Assessment of FLRA's Management and Performance</b>	<b>Completed</b>

**FLRA INSPECTOR GENERAL  
CORRECTIVE ACTION SUMMARY  
October 1, 2004 - March 31, 2005**

<b>New Corrective Actions</b>	<b>20</b>
<b>Open Corrective Actions Carried Over</b>	<b>83</b>
<b>Total Actions Closed This Period</b>	<b>0</b>
<b>Total to be Carried Over</b>	<b>126</b>

## **CORRECTIVE ACTIONS**

### **OVERSIGHT RECOMMENDATIONS FOR SIX MONTH PERIOD ENDING MARCH 31, 2005**

#### **2005 Financial Statement Audit**

**1. Executive management should start the agency towards FISMA compliance by providing support for correcting the out-of-compliance situation. This support should consist of not only memoranda, policy, and documented direction, but also of financial and budgetary resource allocation for the goods, services, and personnel needs of the agency to correct the situation. This support, along with the undertaking of corrective actions by the Chief Information Officer and other FLRA staff, should be focused on implementing the recommendations provided to the FLRA from the fiscal year 2004 FISMA audit report.**

**2. Executive management should establish who is to perform Chief Financial Officer duties and responsibilities for the agency. This individual should have the appropriate knowledge and skills needed for fulfilling all the necessary duties and responsibilities.**

**3. Executive management should ensure agency policies and procedures are kept current and in accordance with existing laws and regulations. This assurance would entail monitoring existing policies and procedures and identifying those that are in need of revision. For those policies and procedures submitted by agency Directors concerning any changes needed for adoption of the policy or procedure by the agency.**

**4. FLRA should insure continuity of its operations through having better support providers and their services. This support could be provided in many different ways, including: obtaining external system support providers and their services. As an interim measure, other FLRA employees be given the appropriate training and guidance to establish adequate support for the continued operation of FLRA accounting functions. This would ensure that there is a sufficient "back up knowledge base" in other employees in the event of a loss of a single critical employee.**

**5. FLRA should determine the best system**

source for its overall accounting, budgetary, and financial needs on a going-forward basis. This may involve determining other options available from the U.S. Department of the Interior as well as alternative private sector or governmental sources that can efficiently meet FLRA's needs.

6. Detailed fixed asset records should be maintained and reconciled to the general ledger on a timely basis to ensure accurate accounting for assets. These records should be timely and appropriately updated each period for asset additions and subtractions resulting from acquisitions, trades, disposals, etc.

7. Management should address cash disbursement procedures, accounts payable procedures and internal controls in its development of an improved system of fiscal and accounting management. The process of accounts payable should be a core function that is contained within the accounting system.

8. The Executive Director should examine the procurement process between the Divisions of Budget and Finance and Administrative Services and ensure the proper policies and procedures are in place to provide that FLRA obligations are recorded into the agency accounting records in an accurate and timely manner. In addition, the Executive Director should ensure that the policies and procedures include adequate internal control and monitoring.

9. Information needed for each quarter close should include all necessary updated information for fair statement of the financial position and results of operation.

10. The process of updating the liability of accrued leave should be conducted quarterly in time for the fiscal quarter accounting close. This updating should ensure fair statement of the accrual by obtaining accurate and reliable data needed to determine the accrual.

11. The process of updating the liabilities of Accrued FECA and Future Workers Compensation should be conducted quarterly in time for the fiscal quarter accounting close. This updating should ensure fair statement of

the accrual by obtaining accurate and reliable data needed to determine the accrual.

12. Formal collection procedures should be established that include: The review of accounts receivable for old and slow-paying accounts; The formal periodic review of the account receivable aged trial balance; The implementation of procedures for contacting delinquent accounts for payment, such as sending letters; A quarterly assessment concerning the collectibility of the receivables; and The determination of the allowance for doubtful accounts.

13. The FLRA should ensure that the PAR is delivered by the regulatory required date.

14. Lease agreements should be reviewed for existing occupied and used spaces and ensure each lease is accurate and complete. Any omissions should be addressed and followed up with appropriate written requests to the lessor.

15. In conjunction with the back-up of key accounting positions, procedures are established for a review of manual adjusting journal entries prior to entering to the system.

16. FLRA should address whether alternative summary level information can be posted to the general ledger for the payroll interface. With summary of information by department, the general ledger would be greatly improved as a monitoring and analysis tool for management.

#### **Internal Review Of Court Reporting**

1. FLRA should improve its contracting services for both internal and external contracting and should involve input from managers who will be affected by outsourced actions.

2. FLRA should focus on proper contracting for court reporting services in a timely manner with initial requirement input from FLRA sources normally requiring these services.

#### **Internal Review of Alternative Work Services**

1. Time Keepers and Managers should review biweekly schedules statements of work and

check sign in/out sheets of Gliding Flexible employees.

2. FLRA Management should consider preparing a standard biweekly sign in/out sheet for all FLRA employees to ensure proper preparation of time statement sheets by all employees

**Investigation 2004-I-02**

1. FLRA management should focus on creating and/or updating policy for their procurement operations and providing this policy to contracting employees so that the subject employees are properly informed of changes related to this policy. Contract file information should be standardized and include all submitted proposals with documented evaluations. Task orders written by FLRA managers should include evaluation criteria by which contractors will be evaluated.

2. The FLRA Contracting Officer needs to understand that, in spite of his authority and independence to handle claims and make final decisions, FLRA management should be informed of contract related problems and claims that have been filed against the Agency prior to processing.

3. FLRA management should focus more on human capital and customer oriented relationships. Also, FLRA management should be aware of and support appropriate alternative dispute resolutions for claims as they do for unfair labor practice charge and arbitration cases which provide greater satisfaction to the filing party, providing innovative methods of resolving disputes and greater efficiency in achieving settlements.

4. FLRA management should ensure that senior appointed managers have knowledge and/or are provided with necessary training in the programs they are responsible for managing.

## Definitions

### Action

Completion by management of either all actions necessary to implement report recommendations or a management decision that determines no action is necessary.

### Funds Be Put To Better Use

The amount of savings estimated by the Inspector General that could be obtained by implementing report recommendations relating to more efficiency and effectiveness of programs and operations.

### Management Decision

A final decision made by management in response to audit report recommendations that may include actions concluded to be necessary or a determination that no action is necessary.

### Management Letter

This document brings to the attention of management any of a broad range of issues and subjects which should be addressed by management, but do not require formal audit or investigation. Management letters are generally unplanned and are issued to report on situations found in conjunction with an on-going or completed audit or investigation. These letters may also be used to expand on previously issued audit report recommendations.

### Questioned Costs

Expenditures questioned by the Inspector General are usually due to the following:

Unsupported costs, which involve inadequate documentation;  
Disallowed costs, which involve an alleged violation concurred with by Managements Decision of a law, regulation, grant, contract, or another agreement; or unnecessary costs which involve unnecessary or wasteful spending.

**REPORT FRAUD, WASTE, ABUSE, AND MISMANAGEMENT**

**TO**

**THE FEDERAL LABOR RELATIONS AUTHORITY**

**OFFICE OF THE INSPECTOR GENERAL**

**HOTLINE**

**1-800-331-3572 (24 hr. service)**

**202-218-7744**

**or write to**

**FLRA**

**Office of Inspector General**

**1400 K Street, NW**

**Suite 240**

**Washington, D.C. 20424**