

FEDERAL LABOR RELATIONS AUTHORITY

PERFORMANCE AND ACCOUNTABILITY REPORT



FY 2005

Foreword

On November 7, 2002, enactment of *The Accountability of Tax Dollars Act*¹ subjected the Federal Labor Relations Authority (FLRA) to a statutory requirement to file an annual audited financial statement with the President of the United States and Congress. During December 2002, the Director of the Office of Management and Budget (OMB) issued guidance that directed agencies to combine their annual audited financial statement with their annual Government Performance and Results Act (GPRA) report. The combined report is termed the *Performance and Accountability Report* (PAR). The OMB requires agencies to file a PAR for Fiscal Year 2004 and subsequent years.

This document, the FLRA PAR, includes both the FY 2005 GPRA performance report data, as well as the FY 2005 financial report. The financial report section also includes the annual report on internal controls, required under the *Federal Managers' Financial Integrity Act* (FMFIA). To avoid unnecessary duplication of this information, in 2004, the FLRA PAR replaced the FLRA Annual Report, which is no longer published as a separate document. Upon review by OMB and transmission to the President and Congress, the FLRA PAR will be posted in electronic form on the FLRA website (www.flra.gov).

¹ Public Law 107-289.

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Federal Labor Relations Authority

FY2005

MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

The Federal Labor Relations Authority (FLRA) is an independent administrative federal agency created by Title VII of the Civil Service Reform Act of 1978, also known as the *Federal Service Labor-Management Relations Statute* (the Statute).² The Statute allows certain non-postal federal employees to organize, bargain collectively, and participate through labor organizations of their choice in decisions affecting their working lives.³

Congress modeled the Statute after the *National Labor Relations Act* (NLRA), applicable to the private sector. The Statute, however, differs from the NLRA in several ways, as delineated below:

Some General Differences Between the Statute and the NLRA

Federal Sector (the Statute)

bargaining is generally limited to the way that personnel policies, practices, and procedures are implemented

strikes and lockouts are prohibited

Federal sector employees generally are entitled to select a union to represent them, but cannot be compelled to join or to pay a fee for the representation that the union is required to provide.

Private Sector (NLRA)

bargaining generally includes wages, fringe benefits, and issues related to hiring/firing, and promotion/retention.

strikes and lockouts may occur

The Statute defines and lists the rights of employees, labor organizations, and agencies so as to reflect the public interest demand for the highest standards of employee performance and the efficient accomplishment of the operations of the Government.⁴ Specifically, the Statute requires that its provisions "should be interpreted in a manner consistent with the requirement of an effective and efficient Government."⁵

² Public Law 95-454, 5 U.S.C. § 7101 *et seq.*

³ The Postal Reorganization Act (Public Law 91-375, Aug. 12, 1970) governs labor-management relations in the Postal Service.

⁴ See generally, 5 U.S.C. § 7101(a)(2).

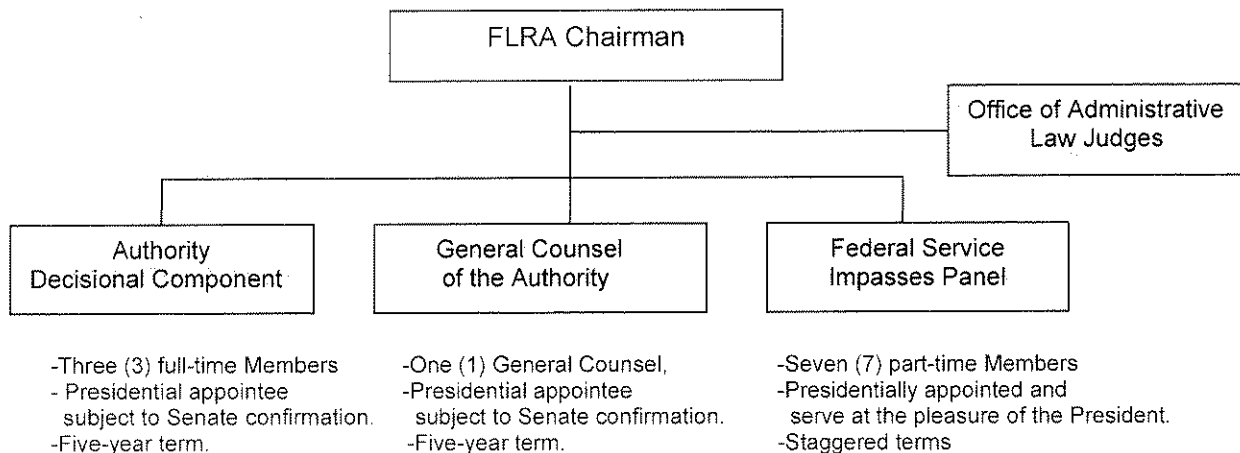
⁵ 5 U.S.C. § 7101(b).

FLRA Mission, Administration, and Structure

The FLRA does not initiate cases. All proceedings before the FLRA originate from filings arising through the affirmative actions of Federal employees, Federal agencies, or Federal labor organizations. The FLRA mission is to carry out five (5) 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. These responsibilities include the following:

1. determining the appropriateness of units for Labor organization representation,
2. resolving complaints of unfair labor practices,
3. adjudicating exceptions to arbitrator's awards,
4. adjudicating legal issues relating to duty to bargain (e.g., negotiability), and
5. resolving impasses during negotiations.

The FLRA conducts its case-processing activities through four components: the *General Counsel of the Authority*, the *Office of Administrative Law Judges*, the *Authority decisional component*, and the *Federal Service Impasses Panel*. Presidential appointees head three of these four components. The three-Member Authority appoints Administrative Law Judges (ALJs) to hear and prepare decisions in cases involving alleged unfair labor practices, as well as decisions involving applications for attorney fees filed pursuant to the *Back Pay Act* or the *Equal Access to Justice Act*. The FLRA also provides full staff support to two other organizations - - the *Foreign Service Impasse Disputes Panel* and the *Foreign Service Labor Relations Board*.⁶



⁶ Created by the Foreign Service Act of 1980, the FSIDP is a five-member board, chaired by the FLRA Chairman, that 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. Also under the same Act, the three-member FSLRB administers 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.

Each FLRA component exercises some statutorily independent responsibilities, either prosecutorial or adjudicative. The immediate staffs of Authority Members, the General Counsel of the Authority, and the Federal Service Impasses Panel are under the general, day-to-day, supervision of their respective members or component head. Although the components have different and separate roles with respect to various legal proceedings, the Statute requires the President to designate one Member of the Authority decisional component to serve also as the FLRA Chairman, e.g., the agency head.

The Authority, General Counsel, and Panel maintain their respective headquarters offices at a common site in Washington, D.C. The FLRA Office of the General Counsel also maintains a network of regional and satellite offices in the following locations:

Regional Offices

Atlanta, GA
Boston, MA
Chicago, IL
Dallas, TX
Denver, CO
San Francisco, CA
Washington, D.C.

Satellite Offices

Brea, CA (2 person office)
Cleveland, OH (2 person office)

The FLRA's annual congressional appropriation is a single line item. The FLRA Chairman is statutorily responsible for the budget regarding agency-wide administrative functions, such as purchasing; human resources staffing, performance, and training; budgeting and finance; information technology; leasing of office space; and agency wide performance management.

The FLRA Office of the Chairman oversees the following operational offices:

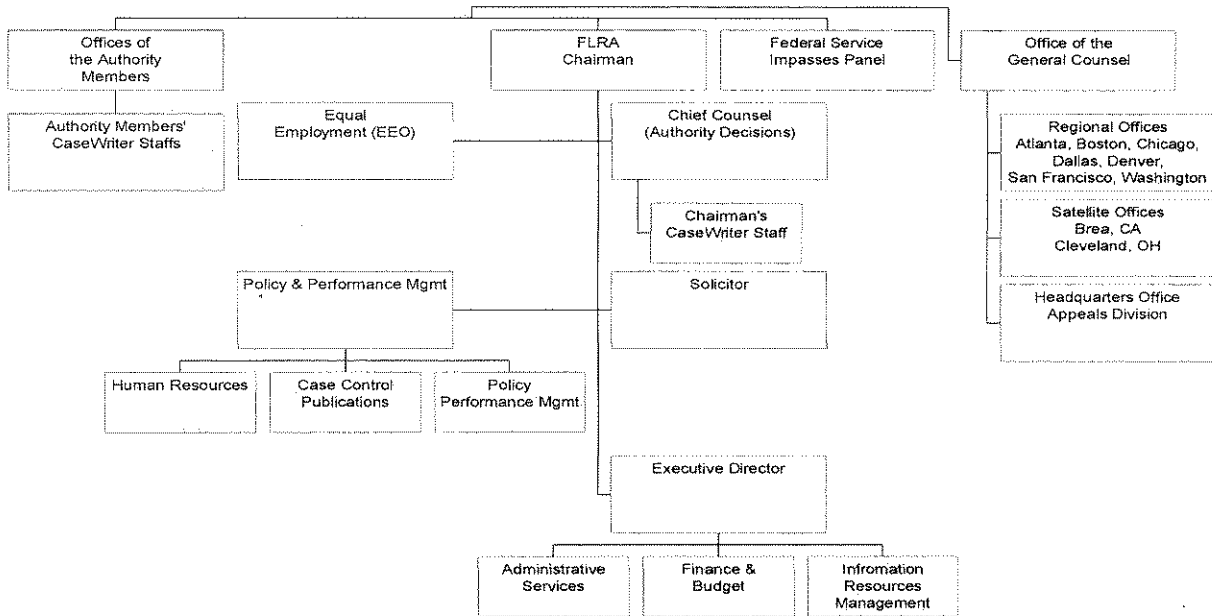
Office of the Executive Director provides agency-wide operational support through three divisions: Budget and Finance, Administrative Services and Procurement, and Information Resources Management systems implementation and maintenance. At the Chairman's direction, the Office of the Executive Director jointly develops and implements agency-wide initiatives with the Office of Policy & Performance Management.

Office of Policy & Performance Management provides agency-wide strategic policy and planning support and counsel, including agency-wide instructions and policies, the Chairman's and the Administration's initiatives, the agency's Human Resources function (including General Schedule and Senior Executives' staffing, development, and performance activities). In a chief-of-staff capacity, the director also represents the Chairman's policies and positions to the Solicitor, Executive Director, EEO Director, and Inspector General and externally, to the GAO, congressional staff, OMB, and others.

Office of the Solicitor represents the FLRA in court proceedings before all United States Courts, including the U.S. Supreme Court, U.S. Courts of Appeals, and Federal District Courts. The Solicitor's Office provides the Chairman counsel on various legal issues, particularly those with potential agency-wide impact. The Solicitor also serves as the FLRA's *Designated Ethics Officer*.

Office of the Clerk of the Authority (Case Control – Legal Publications Office) serves as the central intake point for Authority cases. This office also oversees the FLRA Headquarters Library services and is responsible for publication of agency decisions and reports and related correspondence.

Federal Labor Relations Authority



FY 2005 Performance Highlights

The FLRA's *FY 2005 Annual Performance Plan* consisted of 28 performance goals under the four (4) strategic goals of the agency's FY 2000-2005 Strategic Plan. The FLRA met or demonstrated substantial progress in meeting 23 of these goals -- for a success rate of 83 percent.

Strategic Plan Goal 1 Provide high quality services that timely resolve disputes in the Federal labor-management relations community.

The FLRA met three (3) of the nine (9) performance goals, described in more detail, by component, below:

The Office of General Counsel (OGC) did not meet either of its two performance goals. With respect to Unfair Labor Practice (ULP) charges, the OGC did not meet its goal relating to having no more than 15% of ULP charges pending over 90 days without the issuance of a complaint, or without the dismissal, withdrawal, or settlement of the charge. The actual performance reflected 24% of ULP charges pending over 90 days for FY 2005, a decline from the 5% pending for FY 2004. The OGC also did not meet its goal with respect to ensuring that no more than 5% of Representation cases were more than 90 days old without notice of a hearing issuing. For FY 2005, 9% of Representation petitions pending were older than 90 days without notice of hearing issues. This performance level declined from the 0% of petitions pending for FY 2004. These performance shortfalls were attributed to the absence of a General Counsel during the second-fourth quarters of the fiscal year.

The **Office of Administrative Law Judges (OALJ)** did not meet either of its performance goals. The OALJ's first goal was to ensure a median age of no more than 70 days from the date a ULP complaint issues

to a hearing and that no more than 10% of cases pending decision would reach hearing in more than 110 days. Actual performance for FY 2005 reflected a median age of 93 days of cases pending from the date the complaint issued to hearing with 60% of cases pending decision reaching more than 110 days. The OALJ's second goal was to ensure a median age of no more than 90 days from close of hearing to decision and no more than 10% of cases pending OALJ decision exceeding 160 days. Actual performance for FY 2005 reflected a median age of 151 days from close of hearing to decision with 93.3% of cases pending decision over 160 days old. According to the OALJ, this shortfall in performance resulted from scheduling and availability of parties and settlement negotiations.

The **Authority decisional component** met both of its performance goals. First, the Authority met and exceeded its median 180-day goal relating to issuance of final merits decisions from the date parties satisfied all filing requirements with an actual performance of a median 142 days. Second, the Authority met its goal to not have any active cases over one year old from the date the parties satisfied all filing requirements.

The **Federal Service Impasses Panel (Panel)** met one goal and did not meet two goals. The Panel met and exceeded its goal of ensuring a median age of no more than 180 days for cases that *settle voluntarily* after procedural determination. The actual performance was 107 days. The FSIP did not meet its goals of ensuring median age of no more than 100 days for cases where *jurisdiction is considered and declined* and for ensuring a median age of no more than 180 days for cases that close through *Decisions and Orders*, with actual performance during FY 2005 of 102.5 days and 194 days, respectively. According to the Panel, these shortfalls in performance resulted from granting parties' requests to extend their negotiations and related factors.

Strategic Plan Goal 2 Use and promote alternative methods of resolving and avoiding disputes and provide services to enhance labor-management relationships.

The FLRA met each of the six performance goals under this Strategic Plan goal by providing facilitation, intervention, training, education, and other alternative dispute resolution services as part of case-processing activities or through individual outreach or requests for training. FLRA management continued to review this strategic plan goal and the various performance goals for each component within this strategic plan goal during FY 2005 in terms of whether and how best to discontinue the goal, revise the regulations, or otherwise integrate the separate activities on an agency-wide basis to contribute to the agency's case-processing goal(s).

Strategic Plan Goal 3 Develop, maintain, and deploy the FLRA's internal systems and processes to meet program needs.

The FLRA met or demonstrated substantial progress in meeting each of the nine performance goals under this Strategic Plan goal. Among achievements in this goal were improvements in the structure of the database used to store and process agency-wide case information; maintenance and upgrade activities; design of application architecture to support web infrastructure; development of an account/activity budget and performance structure or model as the initial step for integrating budget and performance data; and centralizing certain life-cycle planning. This strategic plan goal and the various performance goals for each component within this strategic plan goal were revised for FY 2005 and beyond.

Strategic Plan Goal 4 Develop, manage and utilize the FLRA’s human resources to meet program needs.

The FLRA met or demonstrated substantial progress in meeting each one of the four performance goals under this Strategic Plan goal. During FY 2005, the FLRA completed several specific projects to provide objective, baseline data necessary to guide and support subsequent Human Capital planning and policy strategies to produce meaningful performance-related links to the FLRA mission, goals and objectives:

- Information Technology staff skills-gap analysis
- Agency-wide classification audit
- Cost-benefit analysis/boundary study of Regional Offices
- Development of a non pass-fail general schedule performance appraisal system

Financial Statements

The FLRA’s FY 2005 financial statements report the Agency’s financial position and results of operations on an accrual basis – where transactions are recorded when they occur, regardless of when cash is received or disbursed. This method of accounting allows an accurate evaluation of operations during a given fiscal period, and takes into account future operations.

The annual financial statements consist of a Balance Sheet; Statement of Net Cost; Statement of Changes in Net Position; Statement of Budgetary Resources; Statement of Financing; related Notes that provide a clear description of the agency and its mission, as well as the significant accounting policies used to develop the statements, and Required Supplementary Information.

Current Financial Condition

The FY 2005 Financial Statements reflect the agency’s sound financial condition. Due to the focus on the financial management of the agency by the Office of the Chairman, FLRA operated well within its budget for FY 2005. While the agency will continue to develop financial management methodologies to control costs to accomplish the mission of the agency in the most cost-effective manner, FLRA will continue to consolidate its operations and associated costs. In FY 2005, FLRA made significant improvement in management of the agency, specifically, FLRA decreased its operating costs by \$1.274 million from FY 2004’s \$27 million cost of operations. Further, Net Outlays by the agency, \$24.7 million, was less than then the appropriated funds, \$25.6 million, as it was in the previous year. The agency had a FY 2005 Total Net Position of \$3.289 million, which is \$3 million less than the previous year as itemized in Note 2, Fund Balance With Treasury.

Systems, Controls, and Legal Compliance

In accordance with the Federal Managers’ Financial Integrity Act (FMFIA), the FLRA has an internal management control system, which helps provide assurance that funds are being used in accordance with the agency’s mission and that they are achieving their intended results. The system also assures that resources are protected from waste, fraud, and mismanagement, and that laws and regulations are followed.

The FLRA’s financial management system is in compliance with general government-wide requirements, except as noted in the auditor’s report. During FY 2005, the FLRA obtained automated financial management support, including automated accounting system and payroll processing services, from the

Department of the Interior.

The FLRA's system of internal accounting and administrative control provides reasonable assurance that:

1. Obligations and costs are in compliance with applicable laws;
2. Funds, property, and other assets are safeguarded against waste, loss, unauthorized use, or misappropriation;
3. Revenues and expenditures applicable to FLRA operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports, and to maintain accountability over the assets; and
4. Programs are efficiently and effectively carried out in accordance with applicable law and management policy.

This reasonable assurance recognizes that (1) the cost of management controls should not exceed the projected derived benefits; and (2) the benefits consist of reductions in the risks of failing to achieve the stated objectives. The expected benefits and related costs of control procedures should be addressed using estimates and managerial judgment. Moreover, errors and irregularities may occur and not be detected because of inherent limitations in any system of internal accounting and administrative control, including those limitations resulting from resource constraints, restrictions, and other factors. Finally, projection of any evaluation of the system to future periods is subject to risk that procedures may be inadequate because of changes in conditions or that the degree of compliance with the procedures may change.

Certification of Completeness and Reliability of Financial Data

An assessment indicates that the financial and performance data in this report are reliable and complete, and that there are no material inadequacies that affect this assessment with the exception of that noted in the auditor's report. Subject to the foregoing, the FLRA's management controls provide reasonable assurance that the objectives of the FMFIA have been achieved for periods pertinent to this report.

Dale Cabaniss, Chairman
Federal Labor Relations Authority

FY 2005 - PERFORMANCE REPORT

Strategic Plan Goal 1

Provide high quality services that timely resolve disputes in the Federal labor-management relations community.

<p>2005 Performance Goal: <i>Office of the General Counsel</i></p> <p><u>Unfair Labor Practice (ULP) Charges</u> Ensure that no more than 5% of the ULP cases pending are over 90 days old without the issuance of a complaint, or without the dismissal, withdrawal, or settlement of the charge.</p> <p>FY 2004 Goal: Ensure that no more than 15% of the ULP cases pending are over 90 days old without the issuance of a complaint, or without the dismissal, withdrawal, or settlement of the charge.</p>	<p>FY 2005 Actual (new goal) 24% of pending ULP charges were over 90 days old without the issuance of a complaint, or without the dismissal, withdrawal, or settlement of the charge.</p> <p>FY 2004 Actual 5% of pending ULP charges were over 90 days old without the issuance of a complaint, or without the dismissal, withdrawal, or settlement of the charge.</p> <p>FY 2003 Actual 10% of charges pending over 90 days old without the issuance of a complaint, or without the dismissal, withdrawal, or settlement of the charge.</p> <p>FY 2002 Actual 9% of charges pending over 90 days old without the issuance of a complaint, or without the dismissal, withdrawal, or settlement of the charge.</p>
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This goal was not met. Current regulations require a sitting General Counsel (GC) for issuance of a ULP complaint. The FY2005 24% overage number in this performance category includes 230 cases that FLRA Regional Directors identified for issuance of complaint. At the end of the performance period, the General Counsel nominee was awaiting Senate confirmation. Therefore, GC review and issuance of complaints was not possible. Actual performance throughout the individual Regional Offices is depicted below:

	10/31/04	11/30/04	12/31/04	1/31/05	2/28/05	3/31/05	4/30/05	5/31/05	6/30/05	7/31/05	8/31/05	9/30/05
Regional Offices												
Atlanta	8%	3%	3%	17%	7%	9%	8%	13%	14%	14%	20%	29%
Boston	4%	0%	3%	14%	11%	13%	13%	19%	23%	31%	30%	36%
Chicago	2%	5%	13%	15%	17%	16%	18%	18%	27%	27%	25%	19%
Dallas	0%	3%	6%	8%	11%	11%	12%	10%	13%	18%	16%	21%
Denver	8%	9%	17%	17%	19%	22%	21%	28%	20%	32%	27%	28%
San Francisco	2%	7%	9%	17%	21%	20%	16%	18%	25%	28%	23%	18%
Washington	18%	23%	47%	22%	15%	18%	24%	24%	18%	22%	18%	20%
OGC-wide	7% 872 pending /80 overage	7% 863 pending /64 overage	14% 925 pending /127 overage	15% 908 pending /140 overage	15% 911 pending /137 overage	16% 921 pending/ 151 overage	17% 977 pending /164 overage	19% 927 pending /173 overage	20% 947 pending /191 overage	24% 1021 pending /246 overage	24% 1135 pending /267 overage	24% 1164 pending /283 overage

<p>Performance Goal: Office of the General Counsel</p> <p><u>Representation (Rep) Petitions</u></p> <p>Ensure that no more than 5 % of the Representation cases pending are over 90 days old without notice of hearing issued.</p> <p>FY 2004 Goal: Ensure that no more than 15% of the cases pending are over 90 days without notice of hearing issued.</p>	<p>FY 2005 Actual (new goal)</p> <p>9% of petitions pending over 90 days old without notice of hearing issued.</p> <p>FY 2004 Actual</p> <p>There were no petitions pending over 90 days old without notice of hearing issued.</p> <p>FY 2003 Actual</p> <p>3% of petitions pending over 90 days old without notice of hearing issued.</p> <p>FY 2002 Actual</p> <p>13% of petitions pending over 90 days old without notice of hearing issued.</p>
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This goal was not met. The shortfall in performance was attributed to the absence of a General Counsel. Actual performance throughout the individual Regional Offices is depicted below:

	10/31/04	11/30/04	12/31/04	1/31/05	2/29/05	3/31/05	4/30/05	5/31/05	6/30/05	7/31/05	8/31/05	9/30/05
Regional Offices												
Atlanta	0%	0%	22%	25%	0%	18%	25%	43%	33%	40%	0%	0%
Boston	0%	0%	0%	18%	23%	17%	33%	17%	0%	0%	40%	17%
Chicago	0%	0%	29%	0%	0%	18%	13%	0%	0%	10%	0%	20%
Dallas	0%	0%	0%	25%	33%	0%	0%	0%	17%	20%	0%	0%
Denver	0%	13%	25%	20%	50%	33%	33%	100%	50%	25%	33%	0%
San Francisco	0%	0%	17%	29%	11%	0%	0%	23%	50%	20%	13%	0%
Washington	0%	8%	33%	26%	56%	36%	0%	5%	14%	8%	8%	0%
						%						
OGC-wide	0% 61 pending/ 0 overage	3% 63 pending/ 2 overage	17% 69 pending/ 12 overage	23% 61 pending/ 14 overage	25% 57 pending/ 14 overage	19% 77 pending/ 15 overage	17% 65 pending/ 11 overage	21% 77 pending/ 16 overage	23% 61 pending/ 14 overage	17% 60 pending/ 10 overage	11% 45 pending/ 5 overage	9% 44 pending/ 4 overage

<p>Performance Goal: <i>Office of Administrative Law Judges (OALJ)</i></p> <p><u>Unfair Labor Practice Hearing</u> Ensure median age of no more than 70 days from date unfair labor practice complaint issued to hearing; no more than 10% of cases pending decision will reach hearing in more than 110 days.</p> <p>FY 2004 Goal: Ensure median age of no more than 70 days from date complaint issued to hearing; no more than 10 % of cases pending decision will reach hearing in more than 110 days.</p>	<p>FY 2005 Actual Median age of 93 days of cases pending from date complaint issued to hearing; 60% of cases pending decision reached hearing in more than 110 days.</p> <p>FY 2004 Actual Median age of 99 days of cases pending from date complaint issued to hearing; 49% of cases pending decision reached hearing in more than 110 days.</p> <p>FY 2003 Actual Median age of 91 days of cases pending from date complaint issued to hearing; 58% of cases pending decision reached hearing in more than 120 days.</p> <p>FY 2002 Actual Median age of 122 days of cases pending from date of complaint issued to hearing; 19% of cases pending reached hearing in more than 115 days.</p>
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This goal was not met. According to the Chief ALJ, among the reasons this goal was not met, included: postponements requested by the parties, while they attempted to settle a matter or for other valid reasons; attrition in the professional staff; and scheduling issues between the Regional Offices and the OALJ.

<p>Performance Goal <i>Office of Administrative Law Judges (OALJ)</i></p> <p><u>Unfair Labor Practice Post-Hearing</u> Ensure median age of no more 90 days from close of hearing to decision; no more than 10% of cases pending OALJ decision will exceed 160 days.</p> <p>FY 2004 Goal: Same as above.</p>	<p>FY 2005 Actual Median age of 151 days from close of hearing to decision; 93.3% of cases pending decision have reached hearing are over 160 days.</p> <p>FY 2004 Actual Median age of 302 days from close of hearing to decision; 53% pending decision exceeded 160 days from close of hearing.</p> <p>FY 2003 Actual Median age of 126 days from close of hearing to decision; 71% pending decision exceeded 160 days.</p> <p>FY 2002 Actual Median age of 188 days from close of hearing to decision; 56% pending decision exceeded 160 days.</p>
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This goal was not met. According to the Chief ALJ, among the reasons for this goal not being met were: staffing; the availability of the parties and the ALJ's to participate in and to coordinate hearings; and the extent of settlement negotiations.

<p>Performance Goal :</p> <p><i>Authority</i></p> <p><u>Arbitration (Arb), Negotiability (Neg), Unfair Labor Practice (ULP), Representation (Rep) Cases</u></p> <p>Ensure median age of 180 days from the date the parties have satisfied all filing requirements with the Authority to the issuance of a final merits decision; and as of the end of the fiscal year, that no active cases pending decision are over one year old from the date the parties satisfied all filing requirements.</p> <p>FY 2004 Goal: Same as above.</p>	<p>FY 2005 Actual</p> <p>Median age of cases was 142 days from the date all filing requirements were satisfied. No cases pending decision were over 1 year old from the date all filing requirements were satisfied.</p> <p>FY 2004 Actual</p> <p>Median age of cases issued was 135 days from the date all filing requirements were satisfied. 1 case pending decision was over 1 year old from the date all filing requirements were satisfied.</p> <p>FY 2003 Actual</p> <p>Median age of cases issued was 187 days from the date all filing requirements were satisfied</p> <p>FY 2002 Actual</p> <p>13% (15 cases) of case inventory pending merits decision was over 180 days old.</p>
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This goal was met. The *Authority* met its median 180-day goal, with an actual performance of a median 142 days from the date parties satisfied all filing requirements to the issuance of a final merits decision. The Authority also met the goal of having no active cases pending decision that were over one year old. The *Authority* decisional component issued 16 merits short-form decisions and 158 regular merits decisions for 174 total cases during FY2005.

<p>Performance Goal</p> <p><i>Federal Service Impasses Panel</i></p> <p><u>Jurisdiction Declined</u></p> <p>Ensure median age of no more than 90 days for cases where jurisdictional issues are raised and where jurisdiction is declined.</p> <p>FY 2004 Goal: Ensure median age of no more than 100 days for cases where jurisdictional issues are raised and jurisdiction is declined.</p>	<p>FY 2005 Actual (new goal)</p> <p>Median age of 102.5 days for cases where jurisdictional issues were raised and jurisdiction was declined.</p> <p>FY 2004 Actual</p> <p>Median age of 112 days for cases where jurisdictional issues were raised and jurisdiction was declined.</p> <p>FY 2003 Actual</p> <p>Median age of 112 days for cases where jurisdictional issues were raised and jurisdiction was declined.</p> <p>FY 2002 Actual</p> <p>Median age of 98 days for cases where jurisdictional issues were raised and jurisdiction was declined.</p>
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<p>Performance Goal <i>Federal Service Impasses Panel</i> <u>Settle Voluntarily</u> Ensure median age of no more than 150 days for cases that <i>settle voluntarily</i> after procedural determination.</p> <p>FY 2004 Goal: Ensure median age of no more than 180 days for cases that settle voluntarily after procedural determination.</p>	<p>FY 2005 Actual (New Goal) Median age of 107 days for cases that settled voluntarily after procedural determination.</p> <p>FY 2004 Actual Median age of 133 days for cases that settled voluntarily after procedural determination.</p> <p>FY 2003 Actual Median age of 190 days for cases that settled voluntarily after procedural determination.</p> <p>FY 2002 Actual Median age of 106 days for cases that settled voluntarily after procedural determination.</p>
<p>Performance Goal <i>Federal Service Impasses Panel</i> <u>Closure through Decisions & Orders</u> Ensure median age of no more than 160 days for cases that close through Federal Service Impasses Panel Decisions and Orders.</p> <p>FY 2004 Goal: Ensure median age of no more than 180 days for cases that close through Decisions and Orders.</p>	<p>FY 2005 Actual Median age of 194 days for cases that closed through Decisions and Orders.</p> <p>FY 2004 Actual Median age of 220 days for cases that closed through Decisions and Orders.</p> <p>FY 2003 Actual: Median age of 204 days for cases that closed through Decisions and Orders.</p> <p>FY 2002 Actual: Median age of 119 days for cases that closed through Decisions and Orders.</p>

One goal was met and two goals were not met. In the category of *Jurisdiction Declined*, the goal timeline was not met by 2.5 days. The Panel, however, improved its performance in this category by 9.5 days over the performance for FY 2004. The Panel held five (5) face-to-face business meetings in FY2005. The Panel Chairman increased the use of teleconferences for the Panel to consider cases, holding five (5) such meetings to ensure that all statute-imposed deadlines were properly met and to promote faster-paced initial investigations and, ultimately, jurisdictional considerations. Of cases considered, 44% resulted in a determination to decline to assert jurisdiction. The teleconference business meetings also provided an opportunity for the FSIP staff to promptly continue the formal investigation in the 55% of cases in which the Panel did assert jurisdiction.

In the category of *settle voluntarily* after procedural determination, the Panel met its goal of 150 days and actually exceeded that goal by 43 days.

In the category of *Decision & Order*, the Panel's goal timeline was not met; however, the Panel did improve its FY 2004 performance by 26 days. According to the FSIP Chairman, a simple request granted to the parties to extend their negotiations or a submissions deadline (both parties must concur with such a request) could automatically result in a delay of one or two weeks per case. According to the Panel, "any glimmer of hope that illuminates from the parties in dispute that may result in the achievement of the 'ultimate' goal of voluntary settlement receives serious consideration and is generally approved."

FLRA Strategic Plan Goal 2: Use and promote alternative methods of resolving and avoiding disputes and provide services to enhance labor-management relationships.

<p>Performance Goal: <u>All Components</u> Provide training, facilitation, and intervention services to resolve pending disputes and to provide parties with tools to constructively manage workplace disputes.</p> <p>FY 2004 Goal: Same as above.</p>	<p>FY 2005 Actual 158 facilitation, intervention, training, and education sessions to 5568 participants through the Office of General Counsel. 17 events and 305 attendees through the Authority Decisional Component's Collaboration and Alternative Dispute Resolution Office (CADRO).</p> <p>FY 2004 Actual 206 training, facilitation and relationship-building sessions provided to 8,846 participants; conducted 1,370 case-related interventions.</p> <p>FY 2003 Actual 169 training, facilitation and relationship-building sessions provided to approximately 3,109 participants; conducted 1,642 case-related interventions.</p> <p>FY 2002 Actual 184 training, facilitation and relationship-building sessions provided to approximately 6,230 participants; conducted 1,943 case-related interventions.</p>
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This goal was met. There were no quantitative minimum targets established for FY 2005.

The Office of the General Counsel of the Authority regulations (5 CFR §2423.2) establish various types of ADR services. Section 2423.2(b) enables “[a]gencies and labor organizations [to] jointly request, or agree to, the provision of [certain ADR services] by the Office of the General Counsel. These services include, the following under §2423.2(b)(1)-(4):

- (1) Facilitation [§2423.2(b)(1)]
 Assisting the parties in improving their labor-management relationship as governed by the Federal Service Labor-Management Relations Statute;
- (2) Intervention [§2423.2(b)(2)]
 Intervening when parties are experiencing or expect significant unfair labor practice disputes;
- (3) Training [§2423.2(b)(3)]
 Training labor organization officials and agency representatives on their rights and responsibilities under the Federal Service Labor-Management Relations Statute and how to avoid litigation over those rights and responsibilities, and on utilizing

problem solving and ADR skills, techniques, and strategies to resolve informally unfair labor practice disputes; and

(4) Education (§2423.2(b)(4))

Working with the parties to recognize the benefits of, and establish processes for, avoiding unfair labor processes for, avoiding unfair labor practice disputes, and resolving any unfair labor practice disputes that arise by consensual, rather than adversarial, methods.

BY REGION - (SECTION 2423.2(b) SERVICES)

	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	FY 2005 YTD	FY 2004 EOY
ATLANTA	3	0	0	0	0	1	0	1	0	2	0	0	7	13
BOSTON	1	0	0	1	1	1	1	0	1	1	0	1	8	22
CHICAGO	1	2	2	2	4	2	0	4	1	2	1	1	22	20
DALLAS	2	4	0	2	2	0	0	0	2	0	1	0	13	20
DENVER	11	0	0	0	2	0	1	3	0	1	0	0	18	28
SAN FRAN	6	1	0	1	2	3	2	3	1	0	0	0	19	38
WASH	1	0	0	0	0	0	0	0	0	0	0	0	1	13
OGC HQ	0	0	0	1	0	0	0	0	0	0	0	0	1	4
TOTAL	25	7	2	7	11	7	4	11	5	6	2	2	89	158

* The totals are the facilitation, intervention, training and education services provided under section 2423.2(b) of the Regulations.

TOTAL NUMBER OF SECTION 2423.2(b) PARTICIPANTS

	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	FY 2005 YTD	FY 2004 EOY
ATLANTA	84	0	0	0	0	45	0	0	0	40	0	0	169	420
BOSTON	8	0	0	30	11	40	20	20	40	75	0	40	284	1058
CHICAGO	19	81	84	34	98	37	70	97	6	12	30	26	594	630
DALLAS	16	88	0	86	153	0	0	0	83	0	55	0	481	776
DENVER	181	0	0	0	24	0	80	110	0	45	0	0	440	484
SAN FRAN	93	90	0	30	10	58	38	134	50	0	0	0	503	1321
WASH	50	0	0	0	0	0	0	0	0	0	0	0	50	808
OGC HQ	1	0	0	20	0	0	0	0	0	0	0	0	21	71
TOTAL	452	259	84	200	296	180	208	361	179	172	85	66	2542	5568

<p>Performance Goal: <i>Authority Decisional Component</i> Offer and encourage parties to use collaboration and alternative dispute resolution (ADR) services in all negotiability cases pending before the Authority that are not dismissed as procedurally deficient.</p> <p>FY 2004 Goal: Same as above.</p>	<p>FY 2005 Actual ADR services were offered in all pending negotiability appeals that were not dismissed as procedurally deficient. Parties used FLRA ADR services in 20 instances. Of these, 15 were fully resolved and the other 5 were not resolved at all. None was partially resolved.</p> <p>FY 2004 Actual ADR services offered in all pending negotiability appeals that were not dismissed as procedurally deficient. Parties utilized ADR services in 15 cases. Of these, 10 or 67 percent were fully resolved; 4 were partially resolved; and 1 had no resolution.</p> <p>FY 2003 Actual ADR services offered in all pending negotiability appeals that were not dismissed as procedurally deficient. Parties utilized ADR services in 23 cases. Of these, 70% (6 cases) were fully resolved; 2 were partially resolved; and 5 had no resolution.</p> <p>FY 2002 Actual ADR services provided in all pending negotiability cases. Parties utilized ADR services in 22 cases. Of these, 15 cases or 68% were fully resolved. Two additional cases were partially resolved.</p>
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This goal was met. There were no quantitative minimum targets established for FY 2005.

ADR services in negotiability cases were offered in all cases. Of the 20 instances in which intervention was undertaken, 15 resulted in complete resolution, none was partially resolved, and 5 were not resolved at all.

<p>Performance Goal: <i>Office of Administrative Law Judges (OALJ)</i> Offer and encourage parties to use collaboration and alternative dispute resolution (ADR) services in all ULP cases pending before the OALJ.</p> <p>FY 2004 Goal: Same as above.</p>	<p>FY 2005 Actual ADR services were offered in all of the 100 cases received. ADR services were requested in 64% (64 cases). Of 108 cases that closed during FY'05, in which ADR services were requested, some of which were pending from FY'04, 81% (88 cases) were successfully settled.</p> <p>FY 2004 Actual ADR services were offered in all of the 310 cases received. Of those, 75 % (233 cases) used the services; 89% of those successfully settled.</p> <p>FY 2003 Actual ADR services were offered in all of the 321 cases received. Of those, 74% (231 cases) used the services; 66% of those successfully settled.</p> <p>FY 2002 Actual ADR services were offered in all cases; in 77% cases the parties used the services; 66% of those successfully settled.</p>
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This goal was met.

<p>Performance Goal: <i>Office of the General Counsel</i> <u>Unfair Labor Practice Cases</u> Provide alternative dispute resolution (ADR) services in ULP cases, consistent with the regulations.</p> <p>FY 2004 Goal: Same as above.</p>	<p>FY 2005 Actual Section 2423.1</p> <p>FY 2004 Actual Section 2423.1(a) services in 6 cases; Section 2423.1(b) services in 753 cases; Section 2423.7 services in 31 cases; Section 2423.12/2423.25(a) services in 389 cases.</p> <p>FY 2003 Actual Section 2423.1(a) services in 2 cases; Section 2423.1(b) services in 1,021 cases; Section 2423.7 services in 9 cases; Section 2423.12/2423.25(a) services in 485 cases.</p> <p>FY 2002 Actual Section 2423.1(a) services in 3 cases; section 2423.1(b) services in 1,073 cases; section 2423.7 services in 9 cases; section 2423.12, 2423.25(a) services in 414 cases.</p>
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This goal was met. There were no quantitative minimum targets established for FY 2005.

<p>Performance Goal: <i>Office of the General Counsel</i> <u>Representation Cases</u> Provide alternative dispute resolution (ADR) services in Representation cases, consistent with the regulations.</p> <p>FY 2004 Goal: Same as above.</p>	<p>FY 2005 Actual Section 2422.13(a) services in Section 2422.16(a) services in Section 2422.13(b) services in</p> <p>FY 2004 Actual Section 2422.13(a), 18 cases. Section 2422.16(a), 74 cases. Section 2422.13(b), 44 cases.</p> <p>FY 2003 Actual Section 2422.13(a), 6 cases. Section 2422.16(a), 89 cases. Section 2422.13(b), 15 cases</p> <p>FY 2002 Actual Section 2422.13(a), 2 cases; Section 2422.16(a), 115 cases. Section 2422.13(b), 60 cases.</p>
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This goal was met.

<p>Performance Goal Continue training initiative to increase the parties' understanding of the Statute and Authority regulations and procedures, with an emphasis on arbitration and negotiability case law, with a goal of 30 sessions and providing electronic access to informational material.</p> <p>FY 2004 Goal: Same as above.</p>	<p>FY 2005 Actual The Authority decisional component and the Solicitor's Office) handled 31 training events with 1929 participants. The CADRO provided 17 events to 305 participants.</p> <p>FY 2004 Actual The Authority decisional component (including work by CADRO and the Solicitor) handled 35 training events involving 2,688 individuals trained.</p> <p>FY 2003 Actual The Authority decisional component (including work by CADRO and the Solicitor) handled 54 training events involving 1,482 individuals trained.</p> <p>FY 2002 Actual Authority staff conducted 32 training sessions with a total of 1,341 participants.</p>
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This goal was met. The *Authority* decisional component and Solicitor's Office provided training on parties' rights and obligations under the Statute; Authority procedures and regulations; the use of alternative dispute resolution techniques; and the Authority post-petition procedures in pending negotiability appeals. Training sessions ranged from programs for local labor organizations and agency field offices to presentations at national conferences.

FLRA Strategic Plan Goal 3: *Develop, manage, and utilize the FLRA's internal systems and processes to meet program needs.*

<p>Performance Goal Chief Information Officer Streamline the agency-wide electronic case management system to improve Government-to-citizen and Government electronic communications, to provide performance metrics and to eliminate redundancies and paper-based processing systems, consistent with the FY 2005 phase of the agency's E-Government and GPEA Plan.</p> <p>FY 2004 Goal: Same as above.</p>	<p>FY 2005 Actual Completed a network migration from Windows NT 4.0 to Windows 2005 using Active Directory services. FLRA made effective use of the government's SmartBuy program to procure hardware and software at reduced cost and to determine hardware and software purchases necessary to support the Enterprise Architecture and are consistent with the FLRA upgrade sequence plan for FY 2004 and OMB's Government-wide Business Reference Model.</p> <p>FY 2004 Actual Streamlined the FLRA's case information database, reduced redundancy, and improved the quality and performance of agency-wide application systems.</p> <p>FY 2003 Actual Same as FY 2002.</p> <p>FY 2002 Actual All systems are sharing a single set of standardized, integrated party, representative, and individuals data. All systems reside within one ORACLE environment for first time. Internal E-Citator research tool developed and implemented with quick real-time reporting that contains program data from several offices.</p>
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This goal was substantially met. The FLRA streamlined and improved the accuracy and accessibility of 425 tables within the agency's database, used to store and process agency-wide case information. The result included reduced redundancy, due to the storing of all agency-wide case information in one database and creating user views and access privileges based on an individual's role within the agency. In addition, the FLRA improved the quality and performance of agency-wide application systems by ensuring that tables related to each other properly and that agency-wide application systems shared common tables to eliminate redundancy. This greatly improved the quality of data retrieved for reports, resulting in more accurate and more accessible electronic information.

<p>Performance Goal: <i>Chief Information Officer</i> Maintain and upgrade the agency-wide FLRA Enterprise Architecture consistent with the FLRA upgrade sequence plan for FY 2005 and OMB's Government-wide Business Reference Model.</p> <p>FY 2004 Goal: Same as above.</p>	<p>FY 2005 Actual Implemented application architecture to support a web infrastructure to provide a basis for expanding services and improving communications with customers/citizens and with other governmental entities.</p> <p>FY 2004 Actual Designed an application architecture to support web infrastructure; implemented various modifications to agency systems to improve communications with customers/citizens and with other governmental entities.</p> <p>FY 2003 Actual FLRA decisions are posted on the FLRA web-site. Evaluation of extent feasible for expanding the agency's electronic capabilities underway.</p> <p>FY 2002 Actual All FLRA decisions (January 1979 to present) are on the FLRA web site. Of these, 12 bound volumes of decisions require conversion from WordPerfect to HTML format. All others are in HTML format.</p>
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This goal was met.

<p>Performance Goal <i>Chief Information Officer</i> Maintain and upgrade the agency-wide FLRA Enterprise Architecture consistent with the FLRA upgrade sequence plan for FY 2005 and OMB's Government-wide Business Reference Model.</p> <p>FY 2004 Goal: Same as above.</p>	<p>FY 2005 Actual Designed and built the technical and application architectural layers of the Enterprise Architecture. Incorporated security configuration policy based on National Institute of Standards and Technology (NIST).</p> <p>FY2004 Actual (new goal) Work is in progress to develop and build an Enterprise Architecture consistent with OMB's Federal Enterprise Architecture Reference Model.</p>
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This goal was substantially met. The FLRA made good progress towards designing and building the technical and application architectural layers of the agency's Enterprise Architecture to optimize the performance of core processes within an efficient IT environment. Use of NIST 800-70, Security Configuration Checklists Program for IT products enabled the agency to minimize the security risks associated with agency computer hardware or software systems. The FLRA used the Windows Server 2003 Security Guide from NIST 800-70, Security Configuration Checklists Program to upgrade the network environment and to reduce vulnerability exposure. The agency is documenting the configuration settings and set-up of the technical and application architectural layers to facilitate the communication of the complexity and interoperability requirements of the application and network environments required to support FLRA strategic goals and objectives. Additionally, the FLRA continued efforts to preserve the integrity, reliability, availability, and confidentiality of agency's information and systems by incorporating security into the data, application, and network layers of the Enterprise Architecture.

<p>Performance Goal <i>Chief Information Officer</i></p> <p>Develop a management evaluation and analysis capability for centrally managed activities to ensure that FLRA maintains high quality, cost-effective administrative and management systems.</p> <p>FY 2004 Goal: Same as above.</p>	<p>FY 2005 Actual</p> <p>The FLRA developed and implemented a centrally managed life cycle management plan and investment strategy for procuring all technology equipment, software, and systems to ensure quality and cost effectiveness of purchases.</p> <p>FY 2004 Actual (new goal): Developed a centralized planning and execution process to ensure the maintenance of high quality, cost effective administrative and management systems.</p>
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This goal was substantially met. The FLRA designed and implemented centralized administrative procedures for activities such as IT management and administrative services. The FLRA also implemented centralized life cycle planning for information technology equipment and other types of agency property.

<p>Performance Goal <i>Chief Information Officer</i></p> <p>Develop and implement an agency-wide security program to adequately secure FLRA's information and system assets.</p> <p>FY 2004 Goal: Same as above.</p>	<p>FY 2005 Actual: Draft policy for an agency-wide security program that that will adequately secure FLRA's information and system assets has been completed. Other policies drafted include:</p> <ul style="list-style-type: none"> • Disaster Recovery and Business Continuity • Systems Accreditation and Formalized Acceptance By Management • Data Backups • Security Awareness Training • Security Program & Incident Response Plans • Information Security Program • Patch Management • System's Development Life Cycle and change Control • User Account Control <p>FY 2004 (new goal): A draft framework for a security program has been completed and will be finalized after a risk assessment has been completed.</p>
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This goal was substantially met. The FLRA created a policy for an agency wide security program that adequately secures FLRA's information and system assets and that meets the requirements under OMB Circular A-130, III and the Federal Information Security Management Act. This policy addresses risk and incorporates effective agency implementation of both agency computer security and critical information infrastructure protection.

	FY 2005 Actual
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<p>Performance Goal Chief Information Officer Maintain and upgrade the agency-wide FLRA Enterprise Architecture consistent with the FLRA upgrade sequence plan for FY 2004 and OMB's Government-wide Business Reference Model.</p> <p>FY 2004 Goal: Same as above.</p>	<p>Completed a network migration from Windows NT 4.0 to Windows 2005 using Active Directory services. FLRA made effective use of the government's SmartBuy program to procure hardware and software at reduced cost and to determine hardware and software purchases necessary to support the Enterprise Architecture and that are consistent with the FLRA upgrade sequence plan for FY 2004 and OMB's Government wide Business Reference Model.</p> <p>FY 2004 Actual Maintenance and upgrade activities accomplished. Windows NT 4.0 is agency network operating system. Microsoft Enterprise Agreement for software licensing purchased and in use. Hardware and software life cycle planning documents are being used to determine hardware and software purchases necessary to support the Enterprise Architecture and are consistent with the FLRA upgrade sequence plan for FY 2004 and OMB's Government-wide Business Reference Model.</p> <p>FY 2003 Actual Same as FY 2002.</p> <p>FY 2002 Actual Windows NT 4.0 is agency network operating system. Microsoft Enterprise Agreement for software licensing purchased and in use. Most workstations are outfitted with Windows 2000. Workstation life cycle is ahead of schedule - additional workstations have been purchased so that office suite software can be upgraded according to an agency-wide plan.</p>
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This goal was substantially met. The migration of the network operating environment from Windows NT 4.0 to Windows 2005 using Active Directory provided users better, more immediate access to all data for which they are authorized and improved overall network reliability and security. The FLRA procured a Microsoft Enterprise Agreement for software licensing through the government's SmartBuy program. Hardware and software life cycle planning documents are being used to determine hardware and software purchases necessary to support the Enterprise Architecture and are consistent with the FLRA upgrade sequence plan for FY 2004 and OMB's Government wide Business Reference Model.

	FY 2005 Actual
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<p>Performance Goal Budget & Finance Division Improve financial performance through accelerated Treasury financial reporting and automated travel voucher processing.</p> <p>FY 2004: Same as above.</p>	<p>Same as FY 2004.</p> <p>FY 2004 Actual (new goal) The FLRA accelerated Treasury financial reporting and automated travel voucher processing.</p>
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This goal was substantially met. The agency continued to accelerate end-of-year reporting in order to comply with the *Accountability of Tax Dollars Act of 2002* (requiring preparation of and submission of an audited financial statement) and *OMB Bulletin 01-09*. The FLRA continued from last year's initial efforts to provide to management information on the agency's assets, including fund balance with Treasury; funded and un-funded liabilities that require future budgetary resources; net position signifying financial condition; and exchange revenue earned from activities. The FLRA continued to purchase travel services from the Department of the Interior's National Business Center. These services include the processing of FLRA travel vouchers.

<p>Performance Goal: Office of Executive Director Improve and expand competition by identifying commercial activities for outsourcing, expanding reliance upon electronic commerce and adopting commercial best-practices.</p> <p>FY 2004 Goal: Same as above.</p>	<p>FY 2005 The FLRA executed several performance-based contracts during FY 2005 to obtain necessary baseline information for future Human Capital and fiscal resources planning. The FLRA also outsourced additional budget/finance duties, beyond those currently purchased through the Department of Interior's National Business Center.</p> <p>FY 2004 Actual (new goal) The FLRA prepared and submitted its FAIR Act Report for FY 2004 pursuant to OMB guidelines.</p>
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This goal was met. The FLRA conducted the analysis of its positions as required by the FAIR Act, and identified positions that would be potentially suitable for outsourcing.

FLRA Strategic Plan Goal 4: *Develop, manage and utilize the FLRA's human resources to meet Program needs.*

<p>Performance Goal: <i>Office of Performance Management</i> Improve individual and organizational performance by identifying, establishing, and maintaining an effective performance management program based upon principles of <i>President's Management Agenda</i>.</p> <p>FY 2004 Goal: Same as above.</p>	<p>FY 2005 The FLRA engaged an external contractor to assist in a performance appraisal project to provide baseline information to be used to implement a performance appraisal system consistent with the Government wide trend and OPM expectation of eliminating "pass-fail" performance systems. The FY 2005 effort consisted of two phases. The first phase was to research relevant documents, conduct focus groups with FLRA employees to learn current practices, and to investigate appraisal practices (benchmark) at similar agencies. The second phase involved development of templates for the proposed performance appraisal program. The contractor worked through FLRA employee Design Teams throughout the agency to test a process of creating standardized performance elements and standards for two jobs identified by the FLRA-ULP case writing in the OGC and the Authority decisional components.</p> <p>FY 2004 Actual (new goal) The agency's current GS- performance plan is certified by OPM and the agency continued to maintain the program during FY2004. Consistent with the trend of moving away from a "pass-fail" system, however, the agency undertook procurement action during FY2004 to contract for an agency-wide evaluation of the existing performance management system and a restructuring of the system to either a three-tier or five-tier system.</p>
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This goal was substantially met. Consistent with OPM's trend of encouraging agencies to move away from a "pass-fail" system, the FLRA engaged the services of a contractor, *Job Performance Systems, Inc. (JPS)*, to conduct an agency-wide evaluation of the existing performance management system. The goal was for the contractor to provide the agency with baseline data and recommendations regarding restructuring of the system to a multi-tier, non pass-fail system. In March 2005, JPS submitted a report to the FLRA Chairman that included a series of recommended "next steps" for further development and ultimate implementation of a new performance appraisal multi-tiered system. The contractors completed their work timely. The FLRA, however, ultimately reported this goal as "substantially met" because management did not implement the recommendations fully during FY 2005. The reasons for this decision included the fact that other evaluations were on-going concurrently (including performing a cost-benefit study based upon activity-costing of the OGC regional offices and satellite offices; and the agency-wide classification audit), the results of which could impact management decisions regarding implementation. Additionally, the General Counsel position was vacant for the second, third, and fourth quarters of FY 2005, precluding the agency head (FLRA Chairman) from engaging in her preferred process of collegial "confer and comment" with the OGC component head on issues impacting that component.

<p>Performance Goal: <i>All Components</i> Recruit, hire, and retain high-performing leaders.</p> <p>FY 2004 Goal: Same as above.</p>	<p>FY 2005 For reasons discussed below, agency-wide recruiting and hiring was not a primary initiative for the FLRA during FY 2005. The agency, however, did recruit and hire a senior Information Technology specialist from the private sector to serve as Leader of the agency's Operations/Help Desk services unit and bring up-to-date skills to the IT group. During FY 2005, the focus of addressing this performance goal involved engaging an external contractor to obtain an objective assessment of the existing classification of all GS, SES, and AL positions; to compare each position as currently classified to the relevant OPM classification guides and standards; to identify, for each position, discrepancies in duties and responsibilities between the current classification and the criteria in the OPM standards; and to recommend reclassification options to address any discrepancies, as appropriate. The contractor completed all deliverables timely, including briefing FRLA managers and employees, in separate forums, on its findings and recommendations.</p> <p>FY 2004 Actual (new goal) The FLRA initiated actions to expand the scope of recruitment and the recruitment process and to provide targeted employee-developmental opportunities. Under the direction of a newly-established Office of Policy & Performance Management and Chief Human Capital Officer, all vacancy announcements, for the first time, were specifically drafted to reduce barriers to otherwise qualified applicants to be competitive if they possessed transferable legal skills or related professional experience, by broadening the previous technical requirement for specific FLRA-related experience.</p>
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This goal was substantially met. The FLRA has not reshaped its workforce at a pace consistent with the maturity of the case law interpreting the Statute (25+ years). Thus, in light of declining case work and based upon a finding that the FLRA had not reviewed or updated its performance management and classification system over time, during FY 2005, the FLRA contracted with *Gene Rouleau & Associates, Inc.*, to obtain objective baseline data on the existing agency workforce.

The contractor assessed the classification structure of all career-reserved General Schedule employees, Senior Executive Service employees, and Administrative Law Judge employees. The FLRA Chairman considered and accepted audit recommendations on a case-by-case basis, upon separation of the incumbent, to correct discrepancies in classification of a position. The contractor completed its work timely and met its deliverables. The FLRA, however, ultimately reports this goal as "substantially met" because management did not implement the recommendations fully during FY 2005. The reasons for this decision included the fact that other evaluations were on-going concurrently (including performing a cost-benefit study based upon activity-costing of the OGC regional offices and satellite offices; and the agency-wide classification audit), the results of which could impact management decisions regarding implementation. Additionally, the General

Counsel position was vacant for the second, third, and fourth quarters of FY 2005, precluding the agency head (FLRA Chairman) from engaging in her preferred process of collegial “confer and comment” with the OGC component head on issues impacting that component.

<p>Performance Goal: <i>Office of Performance Management</i> Identify and establish measures to achieve desired competencies in mission critical occupations.</p> <p>FY 2004 Goal: Same as above.</p>	<p>FY 2005 The FLRA engaged a contractor to perform an Information Technology (IT) skills assessment study of the IT staff. The contractor completed its deliverables and issued a timely report to the FLRA Chairman. This report provided the Chairman baseline information to be considered in IT skills planning and for determining future training requirements.</p> <p>FY 2004 Actual (new goal) The agency initiated a contract activity for a skills-gap analysis within the Information Technology division.</p>
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This goal was met. During FY 2005, the FLRA contracted with *T&T Consulting Services, Inc.*, to provide a skills gap analysis of the Information Technology Staff, including identifying gaps between the existing technical skill levels of the agency’s present IT staff and the IT skills needed within the agency to meet its mission. Because a successful IT organization is constantly evolving, in order to remain aligned with the enterprise, IT staff resources must continually adapt to changing organizational and technical requirements. This requires key personnel to be re-skilled in new technologies that will support the enterprise now and in the future. An important prerequisite for “re-skilling” staff is to know, as a baseline, what skills the agency currently has and those that will be needed in future. Based upon this understanding, a more informed decision can be made regarding what and how much an enterprise needs from IT to support its goals and objectives enabling FLRA management to position IT staff to support both current requirements and future needs.

<p>Performance Goal: <i>Office of Performance Management in coordination with Human Resources and FLRA Components</i> Identify and document link between Human Resources strategies and the agency mission, goals, and objectives.</p> <p>FY 2004 Goal: Same as above.</p>	<p>FY 2005 The FLRA engaged in several contract activities geared at providing the agency head baseline performance, cost, and personnel information for human capital and strategic planning. The contracts that were initiated and completed during FY 2005 included: agency-wide classification study; IT skills-assessment study; performance-appraisal review (GS employees); and a cost-benefit analysis of regional and satellite offices. The cost-benefit study evaluated the costs associated with processing cases in the seven regional offices and two satellite offices, as currently structured, and identified possible alternatives for the agency’s organizational structure and operations. Each contractor completed deliverables and issued a timely final report to the FLRA Chairman.</p> <p>FY 2004 Actual (new goal) The newly-established FLRA Office of Policy & Performance management initiated actions to target</p>
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	<p>employee developmental activities, including taking steps to restructure the agency-wide training function to enable the agency to leverage existing resources and provide future training opportunities on a broader scale, resulting in a shared developmental experience among employees across components and improved efficiency of resource expenditures for results obtained.</p>
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This goal was substantially met. The FLRA has experienced an agency-wide decline in workload during the past few years. For example, for all regional offices, between FY 2001 and FY 2004, there was a total reduction of 32% or an annual compound reduction rate of 12%. The number of trials for all regions declined from 67 trials in FY 2001 to 27 trials in FY 2004. Additionally, recent legislative action in connection with Department of Defense (DoD) and Department of Homeland Security (DHS) personnel system reforms may further impact the existing downward trend of agency-wide workload. These trends and related externalities require agency-wide review to meet future needs and to align the agency with the management initiatives of the *President's Management Agenda*.

As a result, during FY 2005, the FLRA contracted with *Grant-Thornton, Inc.*, to engage in an activity-based costing exercise throughout the Office of the General Counsel component (OGC) -- the initial entry-point of FLRA cases. The outcomes for the cost-benefit study were to identify means by which the agency may reduce overhead costs; retain the maximum funding for investment in agency-wide human capital; and maximize flexibility for deployment of all agency resources, fiscal and non-fiscal. Such information is crucial to addressing this performance goal and to addressing this strategic goal (Human Capital planning) and also the strategic goal of developing, managing, and utilizing the agency's internal systems and processes to meet program needs.

The contractors completed all deliverables and issued a timely report to the FLRA Chairman. The FLRA, however, ultimately reports this goal as "substantially met" because management did not implement the recommendations fully during FY 2005. The reasons for this decision included the fact that other evaluations were on-going concurrently (including performing a cost-benefit study based upon activity-costing of the OGC regional offices and satellite offices; and the agency-wide classification audit), the results of which could impact management decisions regarding implementation. Additionally, the General Counsel position was vacant for the second, third, and fourth quarters of FY 2005, precluding the agency head (FLRA Chairman) from engaging in her preferred process of collegial "confer and comment" with the OGC component head on issues impacting that component.

PART III. FY 2005 FINANCIAL REPORT

Overview of Financial Performance

The FLRA's Chairman is responsible for overseeing all financial management activities relating to the components and operation of the agency, and is accountable for ensuring that financial management legislation such as the Accountability of Tax Dollars Act of 2002, the Federal Managers Financial Integrity Act (FMFIA) of 1992, and the Government Management and Reform Act (GMRA) of 1994, are implemented.

The Division of Budget and Finance (BFD), a component within the Office of the Executive Director, takes the lead in providing services and guidance in all aspects of Agency financial management, including budget formulation and execution, funds control, invoice processing and payments, intra-governmental payments, Treasury reporting, quarterly and end of year financial statements, and liaison with the Department of Interior's National Business Center (NBC) for the Federal Financial System (FFS). FLRA purchases the following services from NBC:

- System administration, operations, security, reports development, and computer processing for FFS.
- Accounting operations for travel related services including travel voucher processing; auditing, scheduling, and certifying vouchers for payments; and establishing obligations, payables and disbursements for travel payments.
- Payroll services using the Federal Payroll and Personnel System (FPPS).

Budgetary Resources

FLRA receives its funding through an annual discretionary appropriation that includes Federal funds and miscellaneous reimbursements. The reimbursements, which are considered exchange revenue, come from Federal agencies for training that FLRA has provided on federal labor relations. The reimbursements are usually in the form of expenditure transfers (payments made from one account to another). In FY 2004, FLRA reimbursements totaled \$41,777.

Analysis of Financial Statements

FLRA's FY 2005 financial statements report the Agency's financial position and result of operations on an accrual basis – where transactions are recorded when they occur, regardless of when cash is received or disbursed. This method of accounting allows an accurate evaluation of operations during a given fiscal period, and takes into account future operations.

The annual financial statements consist of a Balance Sheet; Statement of Net Cost; Statement of Changes in Net Position; Statement of Budgetary Resources; Statement of Financing and related Notes that provide a clear description of the Agency and its mission, as well as the significant accounting policies used to develop the statements.

Balance Sheet

The Balance Sheet presents amounts of future economic benefits owned or managed by the reporting entity exclusive of items subject to stewardship reporting (assets), amounts owed by the entity (liabilities), and amounts that comprise the difference (net position).

Assets

Assets represent Agency resources that have future economic benefits. FLRA's assets totaled \$7,703,400 in FY 2005. The fund balances with the U.S. Department of Treasury – mostly undisbursed cash balances from appropriated funds – comprised 91 percent of the total assets. Fund balances represent dollars maintained at

the U.S. Department of Treasury Department to pay current liabilities, accounts payable, and undelivered orders. FLRA does not maintain any cash balances outside of the U.S. Treasury and does not have any revolving or trust funds. Less than one-half of one percent of FLRA's assets consists of accounts receivable, which reflects funds owed to FLRA by other Federal agencies under reimbursable agreements or funds owed to FLRA by the public.

Liabilities

Liabilities represent funded and unfunded activities that require future budgetary resources. Relative to assets, FLRA has few liabilities. In FY 2005, the Agency's liabilities totaled \$4,414,162. Accounts payable reflect funds owed primarily for contracts and other services. Accrued leave liabilities reflect both unfunded liabilities for estimated annual leave earned but not as yet paid as well as worker's compensation benefits.

Net Position

FLRA's net position, which reflects the difference between assets and liabilities and signifies the Agency's financial condition, totaled \$3,289,238. Net position is broken into two categories: unexpended appropriations – the amount of authority granted by Congress that had been obligated but not expended – and cumulative results of operations – the net results of operations since inception plus the cumulative amount of prior period adjustments.

Statement of Net Cost

The Statement of Net Cost represents the gross cost incurred less any exchange revenue earned from activities. Net costs recognize costs when incurred, regardless of the year the funds were appropriated. The line item on this statement reflects salaries and expenses as appropriated. FLRA's net cost of operations was \$26,748,170 in FY 2005.

Statement of Changes in Net Position

The Statement of Changes in Net Position reports how the Agency financed its operations as well as the amount of costs covered by imputed financing – costs paid for by others. FLRA ended FY 2005 with a consolidated net position of \$(1,767,735).

Statement of Budgetary Resources

The Statement of Budgetary Resources focuses on: budgetary resources available to FLRA (appropriated and reimbursable); the status of those resources (obligated or unobligated); and the relationship between the budgetary resources and outlays (collections and disbursements). FLRA's FY 2005 budgetary resources totaled \$28,640,869 with almost all of these resources coming from spending authority. This statement shows that about 87 percent (\$24,905,156) of the resources available in FY 2005 were obligated. FLRA's net outlays totaled \$24,669,947: \$24,708,669 in disbursements less \$38,722 in collections.

Statement of Financing

The Statement of Financing links proprietary and budgetary accounting information and reconciles obligations incurred with the net cost of operations. While the budgetary accounting system tracks resources and the status of those resources, the financial accounting system facilitates the translation of budgetary resources into the financial statements on an accrual basis. For FY 2005, the resources used to finance FLRA totaled \$24,905,156, which represents obligations incurred and any other resources used to finance activities.

Limitations to Financial Statements

The financial statements were prepared to report the financial position and results of the entity, pursuant to the requirements of Office of Management and Budget Bulletin 01-09 and the Accountability of Tax Dollars Act of 2002.

Although these statements were prepared from the books and records of the entity in accordance with the formats prescribed by the Office of Management and Budget, these statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records.

These statements should be read with the realization that they are for a component of the U.S. Government, a sovereign entity. One key implication of this fact is that liabilities cannot be liquidated without legislation that provides the resources to do so.

Federal Labor Relations Authority
Balance Sheets
As of September 30, 2005 and 2004

ASSETS	2005	2004
Intragovernmental		
Fund Balance with Treasury - Note 2	\$ 6,913,603	\$ 9,416,190
Accounts Receivable – Note 3	38,350	41,983
Total Intragovernmental Assets	6,951,953	9,458,173
Property, Plant, and Equipment, Net – Note 4	751,447	879,331
Total Assets	\$ 7,703,400	\$ 10,337,504
LIABILITIES		
Liabilities Covered by Budgetary Resources:		
Intragovernmental		
Accounts Payable	667,259	218,867
Total Intragovernmental Liabilities	667,259	218,867
Other Payables and Liabilities		
Accounts Payable Public	232,336	188,224
Accrued Payroll	1,013,713	1,048,445
Total Other Payables and Liabilities	1,246,049	1,236,669
Total Liabilities Covered by Budgetary Resources	1,913,308	1,455,536
Liabilities Not Covered by Budgetary Resources: Note 5		
Unfunded FECA Liability	\$ 202,527	\$ 177,400
Unfunded Actuarial FECA Liability	946,781	875,634
Unfunded Leave	1,351,546	1,469,621
Total Liabilities Not Covered by Budgetary Resources	2,500,854	2,522,655
Total Liabilities	\$ 4,414,162	\$ 3,978,191
NET POSITION		
Unexpended Appropriations	\$ 5,056,973	\$ 8,021,481
Cumulative Results of Operations	(1,767,735)	(1,662,168)
Total Net Position	3,289,238	6,359,313
Total Liabilities and Net Position	\$ 7,703,400	\$ 10,337,504

The accompanying notes are an integral part of these statements.

Federal Labor Relations Authority
Statements of Net Cost
For the Years Ended September 30, 2005 and 2004

Program Costs	2005	2004
Intragovernmental gross costs	\$ 11,877,939	\$ 11,575,323
Less: Intragovernmental earned revenue	(36,185)	(15,620)
Intragovernmental net costs	<u>11,841,754</u>	<u>11,559,703</u>
Public costs	<u>14,906,416</u>	<u>15,548,927</u>
Net Cost of Operations	<u>\$ 26,748,170</u>	<u>\$ 27,108,630</u>

The accompanying notes are an integral part of these statements.

Federal Labor Relations Authority
Statements of Changes in Net Position
For the Years Ended
September 30, 2005 and 2004

	2005	2005	2004	2004
	Cumulative	Unexpended	Cumulative	Unexpended
	Results	Appropriations	Results	Appropriations
	<u>Of Operations</u>	<u>Of Operations</u>	<u>Of Operations</u>	<u>Of Operations</u>
Beginning Balances	\$ (1,662,168)	\$ 8,021,481	\$ (1,651,696)	\$ 5,067,735
Prior period adjustments – Note 5	-	-	(756,139)	-
Beginning balances, as adjusted	(1,662,168)	8,021,481	(2,407,835)	5,067,735
Budgetary Financing Sources:				
Appropriations received	-	25,673,000	-	29,611,000
Other adjustments - Rescission	-	(3,205,384)	-	(174,705)
Other adjustments - Closed accounts	-	(300,256)	-	(225,370)
Appropriations used	25,131,868	(25,131,868)	26,257,179	(26,257,179)
Other Financing Sources:				
Imputed financing from costs absorbed by others	1,510,735	-	1,597,118	-
Total Financing Sources	26,642,603	(2,964,508)	27,854,297	2,953,746
Less: Net Cost of Operations	26,748,170	-	27,108,630	-
Ending Balances	\$ (1,767,735)	\$ 5,056,973	\$ (1,662,168)	\$ 8,021,481

The accompanying notes are an integral part of these statements.

Federal Labor Relations Authority
Statements of Budgetary Resources
For the Years Ended September 30, 2005 and 2004

Budgetary Resources:	2005	2004
Budget Authority		
Appropriations Received	\$ 25,673,000	\$ 29,611,000
Unobligated Balance:		
Beginning of Period	5,891,527	2,191,726
Spending Authority from Offsetting Collections:		
Collected	38,722	24,192
Receivable from Federal Sources	(2,536)	(8,572)
Subtotal	<u>31,600,713</u>	<u>31,818,346</u>
Recoveries of Prior Year Obligations	545,796	3,359,583
Permanently not available	<u>(3,505,640)</u>	<u>(400,075)</u>
Total Budgetary Resources	<u>\$ 28,640,869</u>	<u>\$ 34,777,854</u>

Status of Budgetary Resources:

Obligations Incurred:		
Direct	\$ 24,863,379	\$ 28,850,625
Reimbursable	41,777	35,702
Subtotal	<u>24,905,156</u>	<u>28,886,327</u>
Unobligated Balance:		
Apportioned	1,051,492	3,130,730
Unobligated Balance not Available	<u>2,684,221</u>	<u>2,760,797</u>
Total Status of Budgetary Resources	<u>\$ 28,640,869</u>	<u>\$ 34,777,854</u>

Relationship of Obligations to Outlays:

Obligated Balance, net, Beginning of Period	\$ 3,524,663	\$ 4,265,184
Obligated Balance, net, End of Period:		
Accounts Receivable	(56,676)	(59,213)
Undelivered Orders	1,321,260	2,129,954
Accounts Payable	1,913,307	1,453,922
Total Obligated Balance, End of Period	<u>\$ 6,702,554</u>	<u>\$ 7,789,847</u>

Outlays:

Disbursements	\$ 24,708,669	\$ 26,275,837
Collections	(38,722)	(24,192)
Net Outlays	<u>\$ 24,669,947</u>	<u>\$ 26,251,645</u>

The accompanying notes are an integral part of these statements.

Federal Labor Relations Authority
Statements of Financing
For the Years Ended September 30, 2005 and 2004

Resources Used to Finance Activities:	2005	2004
Budgetary Resources Obligated		
Obligations incurred	\$ 24,905,156	\$ 28,886,327
Less: Spending authority from offsetting collections and Recoveries	(581,982)	(3,375,203)
Obligations net of offsetting collections and recoveries	24,323,174	25,511,124
Other Resources		
Imputed financing from costs absorbed by others	1,510,735	1,597,118
Total resources used to finance activities	25,833,909	27,108,242
Resources Used to Finance Items Not Part of Net Cost of Operations:		
Change in budgetary resources obligated for goods, services and benefits ordered but not yet provided	808,694	746,055
Resources that fund expenses recognized in prior periods	(115,180)	(223,783)
Resources that finance the acquisition of assets	(63,622)	(787,899)
Total resources used to finance items not part of the net cost of operations	629,892	(265,627)
Total resources used to finance the net cost of operations	26,463,801	26,842,615
Components of Net Cost of Operations Not Requiring or Generating Resources in the Current Period		
Components Requiring or Generating Resources in Future Periods:		
Increase in exchange revenue receivable from the public	96,274	(2,895)
Components Not Requiring or Generating Resources:		
Depreciation and Amortization	191,506	177,379
Revaluation of assets or liabilities	-	61,795
Other	(3,411)	29,736
Total Components Not Requiring or Generating Resources	188,095	268,910
Total Components of Net Cost of Operations not Requiring or Generating Resources in the Current Period	284,369	\$ 266,015
Net Cost of Operations	\$ 26,748,170	\$ 27,108,630

The accompanying notes are an integral part of these statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Federal Labor Relations Authority (FLRA) is an independent administrative federal agency created by Title VII of the Civil Service Reform Act of 1978 (also known as the *Federal Service Labor-Management Relations Statute*) (the Statute).⁷ The Statute allows certain non-postal federal employees to organize, bargain collectively, and to participate through labor organizations of their choice in decisions affecting their working lives.⁸

The FLRA conducts its statutory, case-processing work through four components: the *General Counsel of the Authority*, the *Office of Administrative Law Judges*, the *Authority decisional component*, and the *Federal Service Impasses Panel*. Three of these four components is headed by a Presidential appointee.

The Office of the General Counsel the initial point-of-entry for unfair labor practice (ULP) cases filed with the FLRA. The General Counsel's Office investigates and prosecutes ULPs through the seven Regional Offices. The Office also process representation (Rep) matters filed with the FLRA and decide appeals of a Regional Director's decision not to issue a ULP complaint.

Office of Administrative Law Judges the 3-Member Authority appoints Administrative Law Judges (ALJs) to hear and prepare decisions in cases involving alleged unfair labor practices and decisions involving applications for attorney fees filed under the *Back Pay Act* or the *Equal Access to Justice Act*.

The Authority a quasi-judicial body with three full-time Members who are appointed for five-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 the Chief Executive and Administrative Officer of the FLRA. The Chairman also chairs the Foreign Service Labor Relations Board.

Each FLRA component exercises some statutorily independent responsibilities, either prosecutorial or adjudicative. The immediate staffs of Authority Members, the General Counsel of the Authority, and the Federal Service Impasses Panel are under the general, day-to-day, supervision of their respective members or component heads. The FLRA also provides full staff support to two other organizations - - the *Foreign Service Impasse Disputes Panel* and the *Foreign Service Labor Relations Board*.⁹

The FLRA's financial activity is considered to be in the general government and central personnel management budget function.

Basis of Presentation

The financial statements of FLRA were prepared from its accounting records to report its financial position,

⁷ Public Law 95-454, 5 U.S.C. § 7101 *et seq.*

⁸ The Postal Reorganization Act (Public Law 91-375, Aug. 12, 1970) governs labor-management relations in the Postal Service.

⁹ Created by the Foreign Service Act of 1980, the FSIDP is a five-member board, chaired by the FLRA Chairman, that 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. Also under the same Act, the three-member FSLRB administers 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.

net costs, changes in net position, budgetary resources, and reconciliation of net cost to budgetary resources. Such statements have been prepared in accordance with generally accepted accounting principles (GAAP), and the form and content requirements specified by the Office of Management and Budget (OMB) Circular No. A-136, Financial Reporting Requirements. GAAP for Federal entities are the standards prescribed by the Federal Accounting Standards Advisory Board (FASAB), which has been designated as the official accounting standards-setting body for the U.S. Federal Government by the American Institute of Certified Public Accountants.

Basis of Accounting

FLRA uses both the accrual basis and budgetary basis of accounting to record transactions. Under the accrual basis, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. These financial statements were prepared following accrual accounting. Budgetary account balances are included in certain statements as appropriate. Budgetary accounting principles ensure that funds are obligated according to legal requirements. Balances on these statements may therefore differ from those on financial reports prepared pursuant to other OMB directives that are primarily used to monitor and control FLRA use of budgetary resources.

Use of Estimates in Preparing the Financial Statements

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fund Balance with Treasury

Funds within the Department of the Treasury primarily represent appropriated funds that are available to pay current liabilities and finance authorized purchase commitments.

Accounts Receivable

Accounts Receivable consists of claims by the FLRA for payment from other entities. Gross receivables are reduced to net realizable value by an allowance for doubtful accounts. Accounts receivable are recorded net of any related allowance for doubtful accounts.

Property, Plant, and Equipment, Net

FLRA’s property and equipment is recorded at cost and is depreciated using the straight-line method over the estimated useful life of the asset, with a full month of depreciation taken the month following the purchase. Major alterations and renovations are capitalized, while maintenance and repair costs are charged to expense as incurred. FLRA’s capitalization threshold was \$3,500 for individual purchases. Bulk purchases of similar items, which individually are worth less than \$3,500, but collectively are worth more than \$30,000 are also capitalized using the same property and equipment categories and useful lives as capital acquisitions.

Service lives are shown below:

<u>Description</u>	<u>Years</u>
Computer equipment	5
Software	3
Office equipment	7
Office furniture	15
Leasehold Improvements	Life of Lease

Liabilities

Liabilities represent the amount of monies or other resources likely to be paid by FLRA as a result of transactions or events that have already occurred. No liability can be paid, however, absent an appropriation.

Liabilities for which an appropriation has not been enacted are, therefore, classified as not covered by budgetary resources, and there is no certainty that the appropriation will be enacted. Also, the Government, acting in its sovereign capacity, can abrogate liabilities.

Liabilities that are covered by budgetary resources consist of intra-governmental and public accounts payable and accrued funded payroll. Liabilities not covered by budgetary resources consist of unfunded *Federal Employees Compensation Act* (FECA) for 2004 and 2005 (since agencies reimburse the Department of Labor two years after the actual payment of expenses) as well as unfunded actuarial FECA liabilities. Liabilities not covered by budgetary resources also include unfunded leave.

Accrued FECA Liability

A liability is recorded for actual and estimated future payments to be made for workers' compensation pursuant to the FECA. The actual costs incurred are reflected as a liability because Agencies will reimburse the Department of Labor (DOL) two years after the actual payment of expenses. Future revenues will be used for their reimbursement to DOL. The liability consists of (1) the net present value of estimated future payments calculated by the DOL, and (2) the un-reimbursed cost paid by DOL for compensation to recipients under the FECA.

Actuarial FECA Liability

An estimated actuarial liability for future Workers' Compensation benefits is included. The liability estimate is based on the Department of Labor's FECA actuarial model that takes the amount of benefit payments over the last nine to 12 quarters and calculates the annual average of payments for medical expenses and compensation. This average is then multiplied by the liabilities to benefits paid ratios for the whole FECA program for FY 2005. The ratios may vary from year to year as a result of economic assumptions and other factors but the model calculates a liability approximately 11 times the annual payments.

Annual, Sick and Other Leave

Annual leave is accrued as it is earned, and the accrual is reduced as leave is taken. Each year, the balance in the accrued annual leave account is adjusted to reflect current pay rates. To the extent that current or prior year funding is not available to cover annual leave earned but not taken, funding will be obtained from future financing sources. Sick leave and other types of non-vested leave are expensed as taken. Any liability for sick leave that is accrued but not taken by a CSRS-covered employee is transferred to the Office of Personnel Management upon the retirement of that individual. No credit is given for sick leave balances upon the retirement of FERS-covered employees.

Accounts Payable and Other Accrued Liabilities

Accounts payable and accrued liabilities represent a probable future outflow or other sacrifice of resources as a result of past transactions or events. Liabilities are recognized when they are incurred regardless of whether they are covered by available budgetary resources. FLRA liabilities cannot be liquidated without legislation that provides resources to do so. Since the FLRA is a component of the U.S. Government, a sovereign entity, payments of all liabilities other than contracts can be abrogated by the sovereign entity.

Net Position

Net position is the residual difference between assets and liabilities and is composed of Unexpended Appropriations and Cumulative Results of Operations. Unexpended Appropriations represent the amount of unobligated and unexpended budget authority. Unobligated Balance is the amount of appropriations or other authority remaining after deducting the cumulative obligations from the amount available for obligation.

Cumulative Results of Operations are the net result of FLRA's operations since inception, which principally comprise property and equipment less unfunded liabilities.

Retirement Plans

FLRA's employees participate in the Civil Service Retirement System (CSRS) or the Federal Employee's Retirement System (FERS).

Civil Service Retirement System

For employees hired prior to January 1, 1984, FLRA withholds 7.0 percent of each employee's salary and contributes 7.0 percent of the employee's basic salary to the retirement fund. These employees may also contribute, on a tax-deferred basis, to a defined contribution plan - the Thrift Savings Plan (TSP). Under the TSP, employees were able to contribute up to 9.0 percent of their salary in 2004 and may contribute up to 10.0 percent of their salary in 2005 but FLRA is not required to, and does not contribute any matching amounts.

Federal Employees Retirement System

FERS was established by enactment of Public Law 99-335. Pursuant to this law, FERS and Social Security automatically cover most employees hired after December 31, 1983. Employees hired before January 1, 1984 elected either to join FERS and Social Security or to remain in CSRS.

FLRA withholds 6.2 percent in an old age survivors and disability insurance up to a specified wage ceiling and 0.8 percent of an employee's gross earnings for retirement. FLRA matches the retirement withholdings with a contribution equal to 11.2 percent of the employee's taxable salaries.

All employees are eligible to contribute to the TSP. For those employees participating in FERS, a TSP account is automatically established. FLRA is required to make a mandatory contribution of 1.0 percent of the base salaries of all employees under FERS. Employees who elected to participate in the TSP for 2004 were able to contribute up to 14 percent of their salary to an investment fund. Employees who elect to participate in the TSP for 2005 may contribute up to 15 percent of their salary to an investment fund. FLRA is required to match the employee's contribution up to a maximum of 5.0 percent of their salaries. Matching contributions are not made to the TSP accounts established by CSRS employees.

FERS employees and certain CSRS reinstatement employees are eligible to participate in the Social Security program after retirement. In these instances, FLRA remits the employer's share of the required contribution.

FLRA does not report on its financial statements information pertaining to the retirement plans covering its employees. Reporting amounts such as plan assets, accumulated plan benefits, and related unfunded liabilities, if any, is the responsibility of the Office of Personnel Management.

Imputed Costs/Financing Sources

The FASAB's SFFAS Number 5, "Accounting for Liabilities of the Federal Government," requires that employing agencies recognize the full cost of pensions, health and life insurance benefits, during their employees' active years of service. OPM, as the administrator of the CSRS and FERS plans, the Federal Employees Health Benefits Program and the Federal Employees Group Life Insurance Program, must provide the "cost factors" that adjust the agency contribution rate to the full cost for the applicable benefit programs. An imputed financing source and corresponding imputed personnel cost is reflected in the Statement of Change in Net Position, the Statement of Net Cost, and the Statement of Financing, respectively.

Revenue and Other Financing Sources

Reimbursable Work Agreements (Exchange) — FLRA recognizes reimbursable work agreement revenue when earned, i.e., goods that have been delivered or services rendered. Each reimbursable work agreement specifies the dollar value of the agreement and is based on estimated resources needed to perform the specified services, whether it is personnel services to include base pay, overtime and benefits, or travel and per diem. The FLRA executed agreements totaling \$35,702 and \$41,777 in FY 2004 and in FY 2005, respectively.

Annual Appropriations (Financing Source) — FLRA receives an annual salaries and expense appropriation from Congress. Annual appropriations are used, within statutory limits, for salaries and administrative expenses and operating and capital expenditures for essential personal property. Appropriations are recognized as non-exchange revenues at the time the related program or administrative expenses are incurred. Appropriations expended for capitalized property and equipment are recognized as expenses when an asset is consumed in operations. The annual appropriation for FY 2004 was \$29,611,000, which was reduced by a rescission amount of \$174,705 for a total available of \$29,436,295. The FY 2004 annual appropriation was further reduced by a rescission of \$3,000,000 in accordance with Public Law 108-447, Consolidated Appropriation Act, 2005 (H.R. 4818). The annual appropriation for FY 2005 was \$25,673,000. A .8 percent rescission to the FY 2005 appropriation reduced that amount by \$205,384 for a total available of \$25,467,616.

Expired Accounts and Cancelled Authority

Unless otherwise specified by law, annual authority expires for incurring new obligations at the beginning of the subsequent fiscal year. The account into which the annual authority is placed is called the expired account. For five fiscal years, the expired account is available for expenditure to liquidate valid obligations incurred during the unexpired period. Adjustments are allowed to increase or decrease valid obligations incurred during the unexpired period but not previously reported. At the end of the fifth expired year, the expired account is canceled.

Transactions with Related Parties

In the course of its operations, the FLRA has relationships and conducts financial transactions with numerous Federal agencies. The most prominent of these relationships are with the United States Department of the Treasury and the Department of the Interior's National Business Center.

Contingencies

A contingency is an existing condition, situation or set of circumstances involving uncertainty as to possible gain or loss to the Agency. The uncertainty will ultimately be resolved when one or more future events occur or fail to occur. With the exception of pending, threatened or potential litigation, a contingent liability is recognized when a past transaction or event has occurred, a future outflow or other sacrifice of resources is more likely than not, and the related future outflow or sacrifice of resources is measurable. For pending, threatened or potential litigation, a liability is recognized when a past transaction or event has occurred, a future outflow or other sacrifice of resources is likely, and the related future outflow or sacrifice of resources is measurable.

NOTE 2 – FUND BALANCE WITH TREASURY

Fund Balances with Treasury:		
	<u>2005 (CY)</u>	<u>2004 (PY)</u>
Fund Balances:		
Appropriated Funds	\$ 6,913,603	\$ 9,416,190
Status of Fund Balance with Treasury		
Unobligated Balance:		
Available	\$ 1,051,492	\$ 3,130,730
Unavailable	2,684,221	2,760,797
Obligated balance not yet disbursed	<u>3,177,890</u>	<u>3,524,663</u>
Total	<u>\$ 6,913,603</u>	<u>\$ 9,416,190</u>

NOTE 3 – ACCOUNTS RECEIVABLE

On the Balance Sheet, Accounts Receivable consists of the following:

	<u>2005 (CY)</u>	<u>2004 (PY)</u>
Accounts Receivable – Intragovernmental	\$ 56,677	\$ 59,213
Accounts Receivable – Public	-	2,895
Travel Advances	-	1,613
Allowance for Bad Debts	<u>(18,327)</u>	<u>(21,738)</u>
Total Accounts Receivable	<u>\$ 38,350</u>	<u>\$41,983</u>

NOTE 4 – PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment is comprised of furniture, equipment, and computer software, and is comprised of the following:

	<u>2005 (CY)</u>	<u>2004 (PY)</u>
Cost:		
Computer equipment	\$ 168,512	\$ 168,512
Software	186,469	156,384
Office equipment	167,294	142,834
Office furniture	526,524	517,447
Leasehold Improvements	<u>226,580</u>	<u>226,580</u>
Total Cost	1,275,379	1,211,757
Less accumulated depreciation	<u>(523,932)</u>	<u>(332,426)</u>
Net Book Value	<u>\$ 751,447</u>	<u>\$ 879,331</u>

NOTE 5 – PRIOR PERIOD ADJUSTMENTS

There were no prior period adjustments in FY 2005. The following two adjustments were made for the prior period in FY 2004:

Adjustments to Property, Plant and Equipment	\$ 188,129
Unfunded Actuarial FECA Liability	<u>(944,268)</u>
Total adjustment	<u>\$ (756,139)</u>

NOTE 6 – OPERATING LEASE

FLRA has operating leases for rental of office space and office equipment. The copier lease arrangements are renewable annually with five possible annual renewal periods. As a Federal Agency, the FLRA is not liable for any lease terms beyond one year. FLRA anticipates that space levels consistent with FY 2005 will be required for the next five years and has estimated space and copier payments consistent with that need in the schedule below. No estimates beyond five years have been provided because the cancelable nature of the agreements.

Lease requirements per existing contracts are as follows:

<u>Fiscal Year</u>	<u>Bldg.</u>	<u>Copier</u>	<u>Total</u>
2006	\$ 2,350,149	\$ 42,000	\$ 2,392,149
2007	\$ 2,048,442	\$ 40,000	\$ 2,088,442
2008	\$ 1,050,882	\$ 20,000	\$ 1,070,882
2009	\$ 343,203	\$ -	\$ 343,203
2010	\$ 272,536	\$ -	\$ 272,536
OTHER	<u>\$ 162,963</u>	<u>\$ -</u>	<u>\$ 162,963</u>
Total anticipated future lease payments	<u>\$ 6,228,175</u>	<u>\$ 102,000</u>	<u>\$ 6,330,175</u>

NOTE 7 – COMMITMENTS

FLRA is a party in various administrative proceedings, legal actions, and claims brought by or against the agency. In the opinion of FLRA management, the ultimate resolution of proceedings, actions, and claims, will not materially affect financial position or results of operations of the FLRA. The FLRA has examined its obligations related to canceled FY 2000 authority and believes that it has no outstanding commitments that will require future resources.

NOTE 8- APPORTIONMENT CATEGORIES OF OBLIGATIONS INCURRED

The following summarizes apportionment categories of obligations incurred:

<u>Category A</u>	<u>2005(CY) Budgetary</u>	<u>2004(PY) Budgetary</u>
Direct	\$24,863,379	\$28,850,625
Reimbursable	\$ 41,777	35,702

NOTE 9 - EXPLANATION OF DIFFERENCES BETWEEN LIABILITES NOT COVERED BY BUDGETARY RESOURCES AND COMPONENTS REQUIRING OR GENERATING RESOURCES IN FUTURE PERIODS

The liabilities not covered by budgetary resources on the balance sheet include annual leave and FECA liability. This balance is reported in the Statement of Financing as a component requiring or generating resources in future periods. The FECA liability is reported as resources that fund expenses recognized in prior years on the Statement of Financing.