Thirty-eight years – promoting and protecting labor-management relations for effective, efficient government.

U.S. FEDERAL LABOR RELATIONS AUTHORITY
PERFORMANCE AND ACCOUNTABILITY REPORT

2017

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UNITED STATES
FEDERAL LABOR RELATIONS AUTHORITY

Performance and Accountability Report
Fiscal Year 2017

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MESSAGE FROM THE ACTING CHAIRMAN

I am pleased to submit the FY 2017 Performance and Accountability Report for the Federal Labor Relations Authority (FLRA). Overall, FY 2017 was another successful and productive year at the FLRA. In this year of presidential transition, the agency experienced changes or vacancies in key leadership positions, yet continued to achieve mission excellence agency-wide, while also improving and streamlining administrative operations to achieve greater efficiency and effectiveness.

The FLRA, in one small agency, serves as investigator, prosecutor, adjudicator, and interest arbitrator for labor-management disputes involving 1.2 million Federal employees worldwide. The agency is committed to fostering an efficient and effective Federal Government, providing leadership in establishing policies and guidance related to federal-sector labor-management relations, and ensuring compliance with the Federal Service Labor-Management Relations Statute (the Statute), which it enforces.

With respect to mission performance, FY 2017 was another strong year for the FLRA. The Authority met or exceeded all but one of its strategic and performance goals in FY 2017, while transitioning to more ambitious goals of issuing cases in a shorter time frame – reducing the target from 180 days to 150 days. The Office of the General Counsel again exceeded all of its strategic and performance goals for the timely resolution of both unfair-labor-practice (ULP) charges and representation cases. And the Federal Service Impasses Panel also exceeded all of its strategic and performance goals. In addition, the FLRA delivered 275 training, outreach, and facilitation sessions to over 8,000 customers regarding rights and responsibilities under the Statute. Educating the agency's customers is an important strategic initiative that can reduce and, in some instances, eliminate the time and expense of unnecessary litigation.

Consistent with the FLRA's 2015 - 2018 Strategic Plan, alternative-dispute-resolution (ADR) activities throughout the agency also continued to be extremely successful. ADR is deeply embedded in the way that all cases are processed throughout the agency. Indeed, in the OGC, the sheer volume of ULP charges filed (over 3,600 in FY 2017) would overwhelm that component without the voluntary settlement of so many by the highly regarded employees in the Regional Offices where they are processed – 95 percent of the ULP cases and 95 percent of the representation cases in which the parties agree to use ADR settled as a result. In the Authority component, additional ADR is available in every ULP complaint filed with the Office of Administrative Law Judges (OALJ), as well as in every negotiability case and every arbitration case before the Authority.

As to administrative matters, consistent with Executive Order 13781 and OMB M-17-22, the FLRA developed a draft Agency Reform Plan and undertook a number of administrative reviews and initiatives in order to create administrative efficiencies, maximize employee performance, and effectively manage its resources to achieve organizational excellence. For example, the agency continued to make steady and meaningful progress towards achieving its long-term goal of implementing end-to-end electronic case files throughout the FLRA by creating a more user friendly eFiling application and implementing a Document Management System in FY 2017.

The FLRA also engaged in a thorough, in-depth review of every electronic personnel file, in order to ensure the accuracy of retirement coverage, service computation dates, and missing or undocumented prior service. It also conducted an agency-wide review of every agency position description (PD) to ensure that all PDs reflect actual duties and that accompanying cover sheets are accurate. These efforts have been critical in conducting "need-to-fill" evaluations. In FY 2017, the agency also continued to develop capacity for shared administrative staff across several offices by utilizing administrative staff in creative ways across different offices.

I am also pleased to share that, with respect to employee engagement, for the third consecutive year, the FLRA was recognized as a Top Five small agency in the 2016 *Best Places to Work in the Federal Government* rankings (released in December 2016), with an index score over 20 points higher than the Government-wide average of 59.4. The FLRA also received a #1 ranking in 7 of 10 categories. In addition, in the 2017 Federal Employee Viewpoint Survey (FEVS), the FLRA continued to receive overall positive ratings. It outperformed the Government-wide average in 70 out of 71 questions; had 55 identified strengths and no identified challenges; and increased its positive ratings for 15 questions, compared to FY 2016. In addition, the FLRA continued to rank in the top ten among small agencies in both the Employee Engagement and New IQ Indices – with #6 and #5 rankings, respectively. With an Employee Engagement Index score of 77 percent and a New IQ Index score of 71 percent, the FLRA exceeds the Government-wide average for each index, as well as for every sub-category of each index. In addition, the FLRA's Global Satisfaction index score of 72 percent – well above the Government-wide average of 64 percent – is a positive indicator of employees' overall workplace satisfaction.

As Acting Chairman of the FLRA, I certify that no material weaknesses were found in the design or operation of our internal controls and financial systems, as discussed in more detail beginning on page 74 of this report. I have also made every effort to verify the accuracy and completeness of the performance data presented in this report.

Patrick Pizzella
Acting Chairman
Federal Labor Relations Authority
November 15, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

BACKGROUND AND MISSION

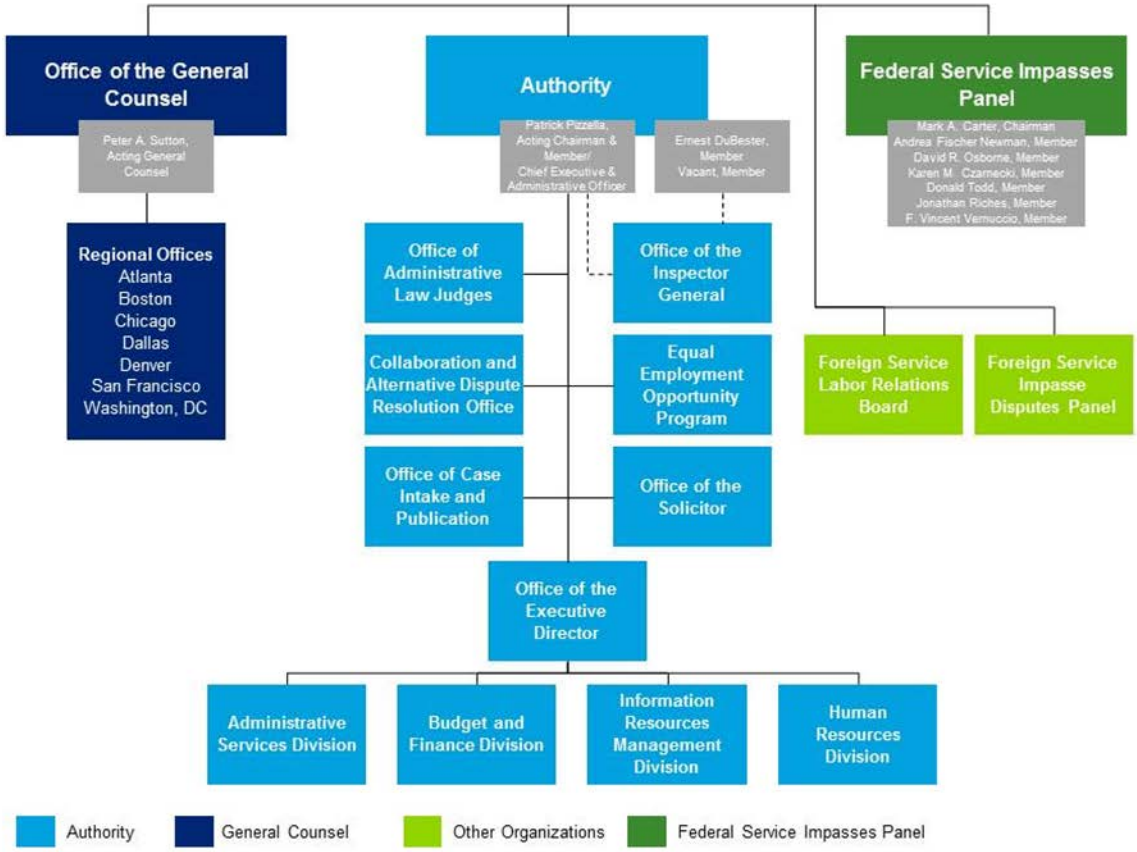
The U.S. Federal Labor Relations Authority (FLRA) is responsible for establishing policies and guidance regarding the labor-management-relations program for 2.1 million non-Postal, Federal employees worldwide, approximately 1.2 million of whom are represented in 2,200 bargaining units. The FLRA was created by Title VII of the Civil Service Reform Act of 1978, also known as the Federal Service Labor-Management Relations Statute (the Statute). The agency's genesis dates from the issuance of Executive Order 10988 by President Kennedy in 1962. In 2012, the FLRA celebrated the 50th anniversary of the Order, which established the first Government-wide, labor-management-relations program within the Federal Government. In 1970, President Nixon established the Federal Labor Relations Council, by Executive Order 11491, to administer the Federal labor-management-relations program and to make final decisions on policy questions and major disputes arising under Executive Order 10988. Executive Order 11491, as amended, was the basis for President Carter's proposal to the Congress to create the FLRA as an independent agency.

The Statute protects management's rights, employees' rights, and union rights. For example, the Statute protects the authority of agency management to determine, among other things, the agency's mission, budget, organization, number of employees, and internal security practices. It also protects the rights of Federal employees to form, join, or assist a labor organization, or to refrain from such activity, freely and without fear of penalty or reprisal. It is the role of the FLRA to provide leadership in establishing policies, guidance, and case law relating to all of these statutory rights and responsibilities.

The mission of the FLRA is to promote stable, constructive labor-management relations through the timely resolution and prevention of labor disputes in a manner that gives full effect to the collective-bargaining rights of employees, unions, and agencies. Although the FLRA is a small agency, accomplishing its mission – including timely, quality, and impartial resolution of labor-management disputes – is essential for program performance Government-wide.

ORGANIZATIONAL STRUCTURE

The FLRA is organized into three statutory components – the Authority, the Office of the General Counsel (OGC), and the Federal Service Impasses Panel (FSIP) – each with unique adjudicative or prosecutorial roles. The agency also provides full program and staff support to two other organizations – the Foreign Service Labor Relations Board and the Foreign Service Impasse Disputes Panel.



The Authority

The Authority comprises three full-time, presidentially nominated and Senate-confirmed Members who are appointed for fixed, five-year, staggered terms. The President designates one Member to serve as Chairman. The Chairman acts as the agency's chief executive and administrative officer.

The Authority is responsible for adjudicating unfair labor practice (ULP) complaints, determining whether to grant exceptions to arbitrators' awards, resolving disputes over the negotiability of proposals and provisions made during collective bargaining, and reviewing decisions of Regional Directors in representation disputes over union elections and unit determinations.

Other program offices under the jurisdiction of the Authority include the Office of the Solicitor, the Office of Administrative Law Judges (OALJ), the Office of Case Intake and Publication (CIP), and the Collaboration and Alternative Dispute Resolution Office (CADRO).

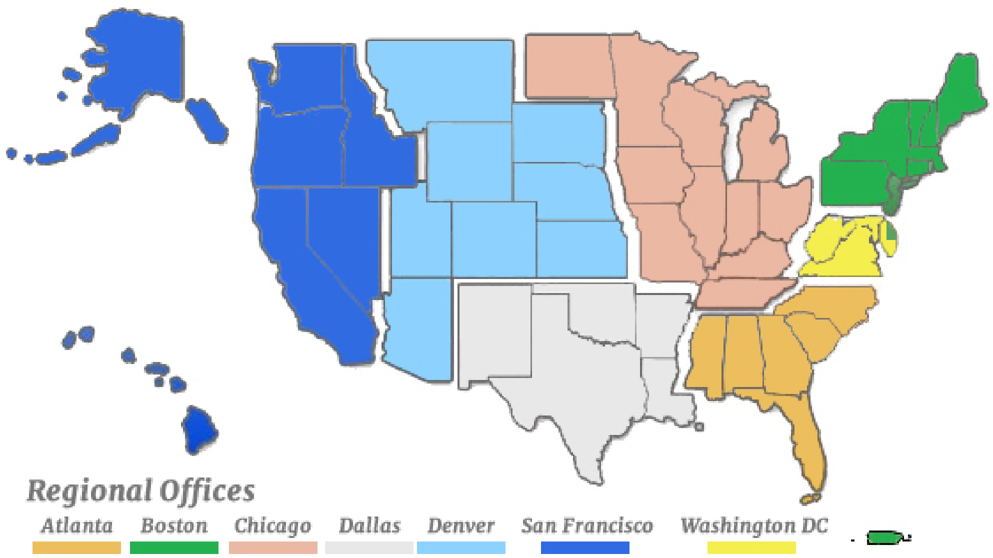
The Office of the Solicitor represents the FLRA in court proceedings before all U.S. courts, including the U.S. Supreme Court, the U.S. Courts of Appeals, and the Federal District Courts. In this connection, parties aggrieved by certain Authority orders may institute an action for judicial review within 60 days after the order issues. The Authority may also seek enforcement of its orders, temporary relief, or restraining orders in the appropriate U.S. Courts of Appeals or Federal District Courts. The Office of the Solicitor also serves as the agency's in-house counsel, providing legal advice to all FLRA components, and performs various functions under the Freedom of Information Act and the Privacy Act. The Solicitor also serves as the Designated Agency Ethics Official.

The Authority Members appoint Administrative Law Judges (ALJs) to hear and prepare recommended decisions in cases involving ULP complaints, as well as decisions involving applications for attorney fees filed pursuant to the Back Pay Act or the Equal Access to Justice Act. The OALJ – through its Settlement Judge Program administered by the CADRO – also provides ADR services in all ULP cases. Recommended decisions of the ALJs may be appealed to the Authority.

The Office of the General Counsel

The General Counsel, who is appointed by the President with the advice and consent of the Senate, has separate and independent responsibilities from the Authority. Under the Statute, the General Counsel has sole responsibility – independent of the Authority – over the investigation and prosecution of ULP cases. The General Counsel's determinations in these matters are final and unreviewable. The General Counsel has direct authority over, and responsibility for, all employees in the OGC, including those in the FLRA's Regional Offices. Approximately 50 percent of the entire FLRA staff is employed in the regions, where all ULP charges and representation petitions are filed and investigated. The Regional Offices, on behalf of the General Counsel, investigate and resolve alleged ULPs, file and prosecute ULP complaints, effectuate compliance with settlement agreements and Authority Orders, and provide training and ADR services. In addition, through delegation by the Authority, the Regional Offices investigate and resolve representation cases and conduct secret-ballot elections.

The General Counsel has a small staff at FLRA Headquarters, located in Washington, D.C. Headquarters management provides administrative oversight; develops policies, guidance, procedures, and manuals that provide programmatic direction for the Regional Offices and training and education for the parties; and processes appeals from the Regional Offices' dismissals of ULP charges. Each Regional Office is headed by a Regional Director who provides leadership and management expertise for the respective region. Collectively, the Regional Directors work with senior management throughout the FLRA to develop and implement policy and strategic initiatives to accomplish the FLRA mission.



The Federal Service Impasses Panel

The FSIP resolves impasses between Federal agencies and unions representing Federal employees arising from negotiations over conditions of employment under the Statute and the Federal Employees Flexible and Compressed Work Schedules Act. The FSIP comprises seven part-time Presidential appointees – a Chairman and six other Members – who are appointed to fixed, five-year, staggered terms.

If bargaining between the parties, followed by mediation assistance, does not result in a voluntary agreement, then either party or the parties, jointly, may request the FSIP's assistance. Following a preliminary investigation by its staff, the FSIP may determine to assert jurisdiction over the request. If the FSIP asserts jurisdiction, then it has the authority to recommend or direct the use of various ADR procedures, including informal conferences, additional mediation, fact-finding, written submissions, and mediation-arbitration by FSIP Members, the FSIP's staff, or private arbitrators. If the parties are still unable to reach a voluntary settlement, then the FSIP may take whatever action it deems necessary to resolve the dispute, including imposition of contract terms through a final action. Parties may not appeal the merits of the FSIP's decision to any court.

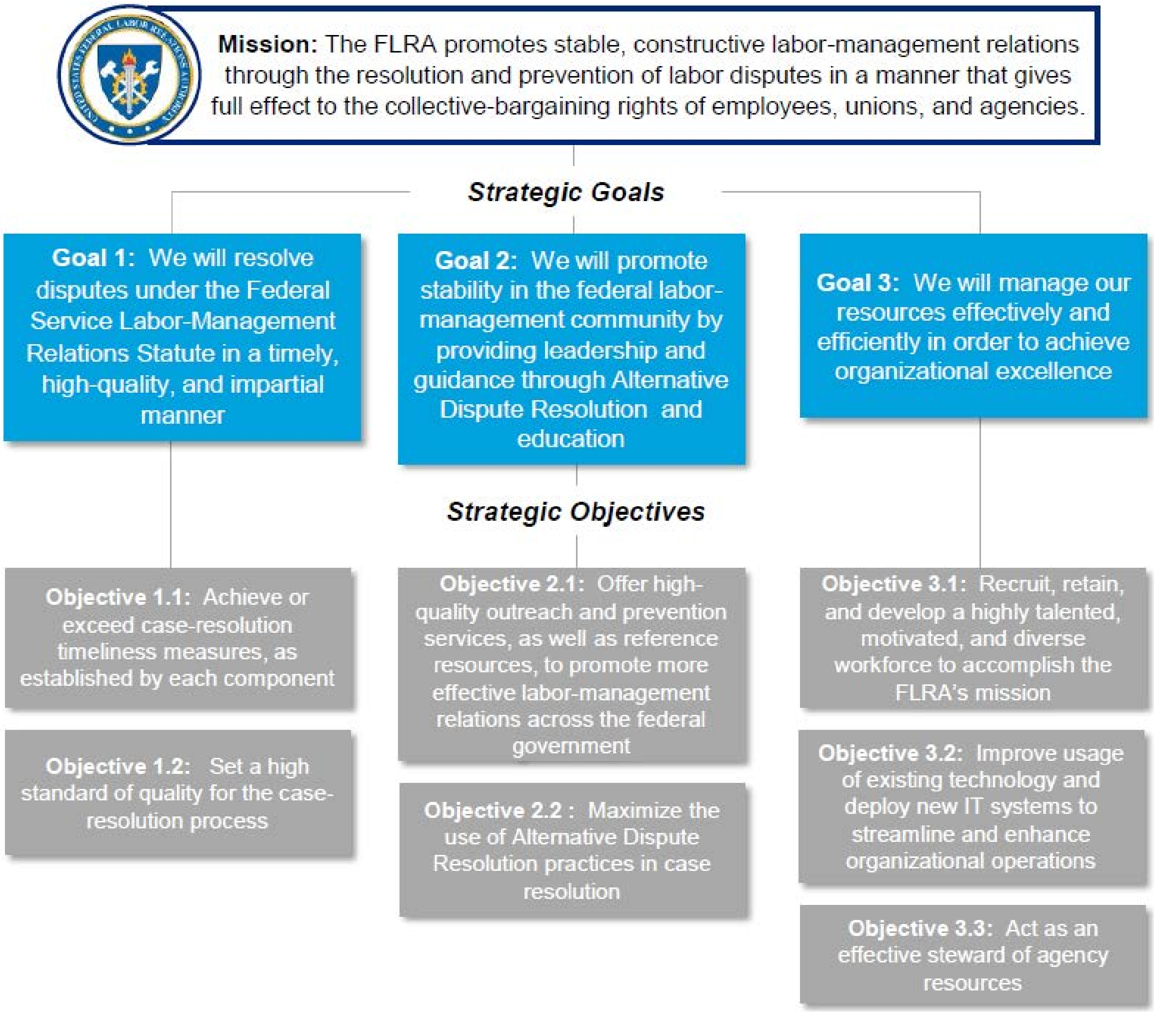
STRATEGIC AND PERFORMANCE-PLANNING FRAMEWORK

The FLRA has established strategies and goals that are designed to maximize the delivery of agency services throughout the Federal Government through a comprehensive review – by leadership at all levels throughout the agency – of its operations, staffing, work processes, resource allocations, and performance. Throughout FY 2017, the FLRA has engaged in a continuous assessment of performance and other data to ensure that it is accomplishing its mission, effectively and efficiently, and that it is promoting innovation throughout the agency.

The FLRA's FY 2017 performance-planning framework is based on the agency's FY 2015 - 2018 Strategic Plan, and it is supported by the agency's Annual Performance Plan, which establishes the agency's annual performance goals and measures. The Annual Performance Plan reflects the agency's commitment to establishing meaningful metrics that will assist in assessing performance outcomes, aligning resources, and effectively identifying staffing and training needs. The Annual Performance Plan also demonstrates the FLRA's ongoing commitment to organizational excellence.

Consistent with the government-wide initiative to leverage existing data to facilitate agencies' programmatic work and enhance the value of data set forth in Office of Management and Budget (OMB) Memorandum No. 14-06, *Guidance for Providing and Using Administrative Data for Statistical Purposes*, the FLRA continually and strategically monitors its progress in accomplishing the goals and measures set forth in the Annual Performance Plan. This ongoing, agency-wide review is conducted on a monthly basis with distribution of the Monthly Analysis of Performance and Status (MAPS) Report, which contains statistical case and performance data derived from the FLRA's Case Management System (CMS) and agency management. The agency examines the data contained in the MAPS Report in a variety of forums, and – consistent with the agency's value of transparency and employee engagement around all agency matters, including process and performance improvements – it shares the agency's status toward meeting its case-processing performance goals with all employees on a monthly basis. At the component and office levels, there are also daily performance assessments using a variety of reports, including: case-filing reports, which track the number and age of cases; case-status reports, which track the status of all assigned *pending* cases within the Authority, the OGC, and the FSIP; and monthly disposition reports, which track the number, age, and resolution type of every *closed* case within the Authority and the OGC.

The analysis and assessment of these reports drive, among other things: adjustments in workload through case transfers at the national, regional, and office levels; decisions to target services (including training, facilitations, and on-site investigations) to certain parties or geographical locations; and reallocation of resources, including use of details and contract support.



The FLRA seeks to achieve its strategic goals primarily through the timely, high-quality, and impartial review and disposition of cases. The agency supplements these efforts with a focus on reducing litigation and its attendant costs by helping parties to resolve their own disputes through collaboration, ADR, education, and labor-management-cooperation activities. Further supporting these efforts is the FLRA's focus on more effective and efficient use of human capital and internal improvements in information technology (IT).

FY 2017 Performance Goals
1.1.1: Produce timely review and disposition of unfair-labor-practice cases.
1.2.1: Resolve overage unfair-labor-practice cases in a timely fashion.
1.1.2: Produce timely review and disposition of representation cases.
1.2.2: Resolve overage representation cases in a timely fashion.
1.1.3: Produce timely review and disposition of arbitration cases.
1.2.3: Resolve overage arbitration cases in a timely fashion.
1.1.4: Produce timely review and disposition of negotiability cases.
1.2.4: Resolve overage negotiability cases in a timely fashion.
1.1.5: Produce timely review and disposition of bargaining-impasse cases.
2.1.1: Provide targeted access to training, outreach, and facilitation activities within the labor-management community.
2.2.1: Successfully resolve a significant portion of FLRA cases through ADR.
3.1.1: Recruit, retain, and develop a highly talented, motivated, and diverse workforce to accomplish the FLRA's mission.
3.1.2: Improve use of existing technology and deploy new IT systems to streamline and enhance organizational operations.

2015-2018 Strategic Plan

In FY 2015, the FLRA engaged in a comprehensive strategic-planning initiative to develop and implement a 2015-2018 Strategic Plan. Through a collaborative review by agency leadership and employees – at all levels and throughout the agency – of its operations, staffing, work processes, resource allocations, and performance, the FLRA established strategies and goals that are designed to maximize the delivery of agency services throughout the federal government.

The FLRA focused a great deal of dedicated effort into the entire strategic-planning endeavor. It was an important opportunity for everyone – senior leaders, the employees' representative organization, and staff throughout the agency – to shape a shared vision for the future of the FLRA. The draft plan was developed through one-on-one interviews and focus groups with FLRA leadership, staff, and external stakeholders. Agency employees worked collectively to establish shared goals, objectives, and strategies, as well as the supporting performance goals that will help the agency to accomplish its mission and drive improvements in daily operations. The process was highly participatory, and it served as an opportunity for leadership, staff, and external stakeholders to share ideas about the FLRA's strategy. Everyone was asked for their best thinking and creativity – no ideas were off the table. This was a transparent effort, and there was continuous communication with agency employees – at all levels throughout the agency – for the duration of the project.

In addition, the FLRA identified performance goals that will allow the agency to both monitor progress towards achieving its strategic goals and to recalibrate strategies, as necessary, for maximum mission performance. This continues the FLRA's increasing focus on targeted data collection and data-driven leadership and decision-making. In developing this strategic plan, the

FLRA referenced evidence-based performance and resource trends, and it intends to use data collected to measure progress against this strategic plan and overall mission performance and effectiveness.

Timeliness and Quality

Continued improvements in the timeliness of case disposition further the FLRA's critical role in facilitating orderly, effective, and efficient change within the Federal Government. In large part, the FLRA exists to promote effective labor-management relations that, in turn, permit improved employee performance and Government operations. Timely resolution – or avoidance – of FLRA cases is critical to this endeavor. And effective case resolution includes not only timeliness, but also: effective process execution; clear communication with the parties around case processes; and the issuance of well-written and understandable decisions that provide deliberate, impartial, and legally sound analyses and consideration of the issues in dispute.

The agency facilitates improvements in performance, Government-wide, that have inevitable effects on employee working conditions and that implicate the bargaining rights of the more than 1.2 million employees represented by labor organizations. Unless management and labor can collaboratively resolve their disputes and avoid litigation or – failing that – have their disagreements adjudicated expeditiously by the FLRA, mission performance will suffer. This is particularly relevant now as Federal agencies are making significant adjustments and changes in how they perform their missions in response to the budgetary and policy challenges that they are facing.

Alternative Dispute Resolution and Education

Throughout the years, the Authority, the OGC, and the FSIP have not only recognized the many benefits associated with using ADR to resolve workplace disputes, but they have also integrated ADR techniques into all aspects of case processing. Put simply, offering ADR services in every case results in faster, more effective outcomes for the parties and the FLRA. For this reason, the agency continues to leverage existing staff and resources to increase its ADR reach. This includes partnering with other agencies and entities – such as the Federal Mediation and Conciliation Service (FMCS), the Federal Executive Boards, and the General Services Administration (GSA) – to train large numbers of practitioners.

In addition, the FLRA's training initiatives are intended to make case processing more effective and efficient, and to better serve the FLRA's customers by providing meaningful and clear guidance on statutory rights and responsibilities. Timely and efficient case processing is furthered by FLRA customers being knowledgeable about their rights and obligations under the Statute, as well as FLRA case law, regulations, and case-processing procedures. The FLRA delivers its educational materials through a variety of means, such as: in-person training sessions; comprehensive, web-based training modules; and case outlines, manuals, and subject-matter guides that are easily accessible on www.FLRA.gov. All of these materials have been developed to assist members of the Federal labor-management-relations community with issues and cases arising under the Statute. Using collaboration and ADR techniques – alone or in conjunction with other training, outreach, and facilitation services – to assist parties in minimizing or resolving labor-management disputes significantly reduces the need for litigation and its attendant costs, and it gets the parties back to work accomplishing their missions and delivering effective and efficient Government services.

Information Technology (IT)

Consistent with the FLRA's Strategic Plan, IT and automation of agency processes continue to be key areas of focus for the agency. Both are fundamental for ensuring the cost effectiveness and efficiency of the FLRA, as measured by the agency's ability to meet its annual performance goals. The agency continues to improve its overall effectiveness and efficiency, as well as the customer-service experience, by engaging in new and innovative ways to conduct business, such as through electronic case filing (eFiling). In addition, the agency has placed significant emphasis on IT modernization to ensure that its IT equipment and infrastructure enable it to maximize gains in efficiency that can be achieved through use of technology.

In FY 2017, the FLRA also continued to work towards its long-term goal of implementing end-to-end electronic case files throughout the FLRA and complying with the OMB-mandated target of having fully electronic files by 2019. Increasing eFiling is critical to achieving this goal. In this regard, the more case-related information that the FLRA receives electronically – rather than in hard copy – from the outset, the easier it is to convert that information into an electronic case file, without the need for FLRA staff to manually scan documents. In recognition of this, the agency continues to execute the multi-year, four-phase plan that it initially developed and launched in FY 2015 to accomplish the transition to fully electronic case files.
Phase 1 was completion of the initial implementation of an eFiling System – eFiling 1.0 – for all FLRA offices that accept case filings, and the refinement and improvement of that system – based on user experience and feedback – through implementation of eFiling 2.0 and 3.0 with a more user-friendly interface. The agency will implement eFiling 3.0, which is currently being tested, no later than the first quarter of FY 2018. Phase 2 is to provide a similar, more user-friendly and intuitive interface for the agency's internal electronic Case Management System. Phase 2 also includes implementation of an agency-wide Document Management System – an electronic, cloud-based "filing cabinet" that provides a framework for organizing digital and paper documents. The latter has already been completed, and the former should be implemented by the end of FY 2018. The Document Management System replaces all existing network drives and folders, and it allows for quick access to any document, file, or email through use of sophisticated search engines. It also provides the necessary storage capacity and technological platform for the eventual integration of all electronic case-processing systems so that the agency can realize its vision of having fully electronic case files. Phase 3 is the integration of the automated connection between the Case Management System, the eFiling System, and the Document Management System. This is currently underway, and project planning has begun. Phase 3 is scheduled to be completed by the 2nd quarter of FY 2019. And Phase 4 is the transition to 100 percent electronic case files throughout the agency, with a goal of September 30, 2019, for completion.

Implementation of fully electronic case files throughout the agency will allow the FLRA to operate more efficiently and more effectively by: allowing for implementation of additional external and internal case-processing improvements that will further maximize the use of technology; eliminating many of the labor-intensive, manual case processes that are currently in place; and increasing overall efficiency and effectiveness. These case-processing improvements include: electronic voting by the Authority Members, which the agency already implemented in FY 2017; reduction of U.S. Mail costs by implementing electronic service of case-related documents by the FLRA on the parties; reduction – or elimination – of Fed Ex costs for transferring paper case files between FLRA offices; implementation of a pilot program that would mandate FLRA parties to file all case-related documents electronically, and the eventual mandate of eFiling for all FLRA case filings. The greatest benefit will be that staff hours currently used to perform manual administrative tasks will be freed up to perform other mission-critical functions – or eliminated, if warranted.

In addition, the FLRA will continue making improvements through smaller-scale projects. For example, the agency plans to transition to a cloud email solution in FY 2018. This is another long-term, “cloud-first” strategy that the agency has been working towards to move all of its critical system to the cloud. Once email has been transitioned, all agency critical systems – Case Management, eFiling, Document Management, and email – will all be in the cloud, offering better redundancy and backups that can be leveraged to improve the overall agency Continuity of Operations Plan (COOP). The agency also continues to leverage the Video Teleconferencing (VTC) System that it implemented in FY 2015 to save reduce travel expenditures and offer alternative methods for achieving agency-wide training, outreach, and intervention goals. In FY 2017, the agency also completed its transition to business cable in all 6 of its Regional Office outside of Washington, D.C. In addition to increasing network connections for the FLRA’s Regional Offices by 50 to 80 percent, the agency was also able to reinvest the 5 to 10 percent annual savings in network services that it achieved to provide a back-up, secondary system for the Regional Office networks. All of these initiatives are key components in the agency’s efforts to achieve efficiencies through use of innovative technology.

Human Capital

In FY 2017, the FLRA continued its overall success as measured by the Federal Employee Viewpoint Survey (FEVS), leaving no doubt that the FLRA’s investments in the recruitment, retention, and skills and leadership development of its employees continues to produce a highly engaged workforce that is dedicated to the accomplishment of its mission. The results of the 2017 survey reflect that the FLRA has 55 identified strengths (items with 65 percent or higher positive ratings) and no identified challenges (items with 35 percent or higher negative ratings). Compared to 2016, the FLRA increased its positive ratings for 15 questions, experienced no change in its positive ratings for 4 questions, and decreased its positive ratings for 52 questions. The agency outperformed the Government-wide average in 70 out of 71 questions. And the FLRA continues to rank in the top ten among small agencies (those with 100-999 employees) in two important indices – Employee Engagement and New IQ – with #6 and #5 rankings, respectively. With an Employee Engagement Index score of 77 percent and a New IQ Index score of 71 percent, the FLRA exceeds the Government-wide average for each index, as well as for every sub-category of each index. In addition, the FLRA’s Global Satisfaction index score of 72 percent – well above the Government-wide average of 64 percent – is a positive indicator of employees’ overall workplace satisfaction.

As to the agency's 55 identified strengths, of particular note is that: 99 percent of FLRA respondents indicate that they are willing to put in extra effort to get a job done; 98 percent positively rate the overall quality of work done by their work unit; 97 percent report that they are held accountable for achieving results; 95 percent know how their work relates to the agency's goals and priorities; and 92 percent say that they are constantly looking for ways to do their jobs better. These results show that employees understand the FLRA's mission, understand their role in achieving it, and see themselves as an integral part of achieving agency-wide success.

In addition to its top-ten rankings in the Employee Engagement and New IQ Indexes and increased ratings in 15 questions, FLRA employees also identified areas for improvement. These areas include opportunities for advancement, meaningful recognition of differences in performance, encouragement of creativity and innovation, availability of resources to get their jobs done, and communication from management about what's going on in the agency.

As employees indicated – with 62 percent responding that they believe the survey will be used to make the FLRA a better place to work – the ultimate goal of the FEVS is to provide agencies with information to leverage strengths and improve areas of challenge. The FLRA looks forward to examining its results and using them to make the FLRA a workplace that enables the effective and efficient performance of the agency's mission and the delivery of high-quality services to the American public.

Consistent with Government-wide diversity and inclusion initiatives, the FLRA uses the FEVS to develop and implement a data-driven, forward-looking human-capital-management strategy. Focusing on key drivers of employee engagement, the FLRA has developed strategies, including the New IQ, for employees to build and cultivate key skills that lead to greater individual and organizational performance and job satisfaction. In this connection, in FY 2017, the FLRA continued to invest in its employees through classroom training, rotational details, cross-component learning, challenging assignments, and leadership-development trainings and opportunities to enhance and broaden employees' skills. Employees at all levels – professional and administrative-support staff, managerial and non-managerial – delivered positive agency outcomes and led numerous mission-related initiatives, including: the ongoing development and enhancement of the FLRA's eFiling System; the refinement of the FLRA website, including enhancements to the training-registration tool; the streamlining of internal case-processing procedures; and the development and regular updating of Authority and OGC training materials, guides, and manuals – many of which are web-based – to educate the FLRA's customers about the Statute, applicable legal standards and FLRA precedent, and the agency's case-processing procedures.

Consistent with Executive Order 13781 and OMB M-17-22, which, among other things, provides agencies with guidance on developing reform plans that "align[] . . . the Federal budget and performance planning processes," in FY 2017 the FLRA adjusted its annual performance year to align with the fiscal year. This alignment directly links every employee's individual performance to the FLRA's overall strategic and performance goals, as well as to the agency's annual budget and funding requests. It will provide a more accurate measurement of each employee's contribution towards achievement of agency-wide performance goals, greater accountability, and better data regarding resource needs.

The FLRA also engaged in an in-depth review of its personnel files. In this connection, it undertook a thorough review of every Electronic Official Personnel Folder (eOPF) to: ensure proper retirement coverage (CSRS or FERS); verify the accuracy of service computation dates for both leave and retirement purposes; and examine all folders for missing or undocumented prior service. It also conducted an agency-wide review of every agency position description (PD) to ensure that all PDs reflect actual duties and that accompanying cover sheets are accurate. This has been critical in conducting "need-to-fill" evaluations.

In FY 2017, the agency also continued to develop capacity for shared administrative staff across several offices by utilizing administrative staff within the Authority Component – particularly those who are in "confidential" positions to agency leadership – to provide administrative assistance to the HR, Budget & Finance, and Equal Employment Opportunity (EEO) Offices, which perform sensitive work. Not only does this provide administrative staff with a developmental opportunity, but it also allows for greater flexibility, relieves high-graded managerial staff from having to perform lower-graded administrative tasks, and avoids the need to hire additional FTEs when workloads increase within the component. And, again in FY 2017, internal developmental details have accomplished two strategic objectives: (1) development of future leaders to facilitate succession planning; and (2) cross-training to allow for the reassignment of employees to positions that are more closely matched to their career interests – and to the agency's needs.

In order to further fulfill the FLRA's mission, the agency focuses on succession planning by identifying its future human-resources needs, potential organizational and skills gaps, and vulnerabilities, and then setting goals to address them. With respect to succession planning, in FY 2017, the FLRA continued a training initiative designed to assist senior, high-potential employees identify and strengthen critical leadership skills in preparation for eventually transitioning to formal leadership positions. To strengthen and support the FLRA's new cadre of first-time managers and supervisors, the agency identified a series of trainings geared towards developing strategic thinking and other critical skills in preparation for effective leadership at the FLRA. And the FLRA continued to develop and provide high-level, mission-based training for its attorneys – nearly 20 percent of whom are new to the FLRA – that built upon their existing legal, technical, and ADR skills to improve and maximize performance. These training initiatives crossed components, bringing together future agency leaders from all offices to enhance their skills and encourage ongoing collaboration among peers.

The FLRA continued to engage its workforce around improving work processes, resulting in the FLRA's continual climb in its "Innovation" rankings. The innovation category measures employee perceptions of efforts to improve the way work is done, including their own personal motivation to promote change, and the support and rewards that they receive for promoting new ideas. The FLRA's commitment to rewarding creativity and provision of forums for employees to share and promote learning and coordination between components and offices have clearly demonstrated that learning more about the work going on across the agency sparks creativity and collaboration. These efforts have produced real results.

For example, during FY 2016, the Authority component successfully empowered employees to lead in the development and implementation of a pilot program for the electronic circulation of

Member-office decisions and votes on pending cases. As a result of the pilot, the new process was implemented permanently in FY 2017, and the Authority no longer physically circulates hard or paper copies of all decisions and votes. Not only did this process improvement result in increased efficiencies, it facilitated increased staff telework and awareness of pending issues by providing them the opportunity to review all circulating decisions. In addition, it began the transition to an increasingly electronic "case-file universe," in anticipation for the next phase of the FLRA's electronic-case-file initiative.

The FLRA is committed to fostering a workplace where employees from all backgrounds are recruited, retained, and developed for successful performance and career progression. Since FY 2014, and continuing throughout FY 2017, the agency achieved greater diversity in its workforce by increasing strategic and targeted recruitment and posting job opportunities with career-planning and placement services, local colleges and universities, and professional affinity-group organizations. And the FLRA has consistently used data to help identify and eliminate barriers to recruiting and hiring the diverse talent that it needs. In this respect, the FLRA's ongoing focus on increasing ethnic and gender diversity in its Senior Executive Service corps yielded small, but meaningful, gains in FY 2016 and FY 2017. The FLRA also continued to utilize both Student Pathways and summer-externship programs to accomplish mission-related initiatives throughout the agency. Finally, serving as one of three Small Agency Council (SAC) representatives on the Diversity and Inclusion in Government Council (DIG), the FLRA is participating in Government-wide discussions aimed to create and foster a Federal workforce that includes and engages Federal employees and reflects all segments of society.

PERFORMANCE SUMMARY

The FLRA's mission is to promote stable, constructive labor-management relations through the timely and effective resolution and prevention of labor disputes in a manner that gives full effect to the collective-bargaining rights of employees, unions, and agencies. It carries out its mission in a manner that meets the special obligations and needs of the Federal Government and is consistent with the requirement of an effective and efficient Government.

Mission – Case Processing & ADR

With respect to mission accomplishment, the FLRA as a whole has shown tremendous ability to provide its customers with timely and quality adjudication and dispute-resolution services, while adapting to fluctuations in the number of case filings that it receives. And it has done so against a backdrop of relatively flat funding and staffing levels. In FY 2017, the FLRA met or exceeded nearly every mission-related performance goal, as it did in FY 2016.

These accomplishments are particularly noteworthy because the agency operated with nearly 20 vacant positions throughout most of FY 2016 and FY 2017. Eighteen of those positions were career positions, with the majority resting within the Office of the Executive Director. Consistent with the Administration's goal of comprehensive Government reform and workforce reshaping, the agency is already well-experienced in "doing more with less," and it is well-versed in undertaking a thorough evaluation and prioritization of every vacancy that it fills. It is planning to operate with 128 FTEs in FY 2018 and FY 2019, reflecting a decrease of approximately 12 FTEs – or nearly 10 percent of its already small workforce – from FY 2016.

- ***Authority***

Consistent with the FLRA's 2015-2018 Strategic Plan, the Authority changed its performance measures beginning in FY 2017 to shorten case-processing times – from 180 days to 150 days in 75 percent of non-representation cases. In FY 2017, the Authority also implemented measures for ensuring that the cases not "captured" by those 75 percent targets do not go significantly overage. The new measure is to ensure that 95 percent of all cases issue within 365 days.

The Authority's FY 2016 performance successes placed it in a position to more efficiently and expeditiously process all of its cases in FY 2017 – and continuing into FY 2018.
In FY 2017, the Authority met its new target of 150 days in 79 percent of arbitration cases, 50 percent of ULP cases, and 75 percent of negotiability cases. And it is meeting its 365-day target in 100 percent of all cases. Further, as in previous years, the Authority continued to meet the statutory requirement of issuing 100 percent of representation cases within 60 days of an application for review from a Regional Director's determination.

It is important to note that the Authority has had only two of its three presidentially appointed, Senate-confirmed Members since January 2017, and one of the existing Members has been nominated for another position within the Administration. Although Member staffs continue to prepare draft decisions, when the two current Members are unable to reach consensus on the disposition of a case, no decision may issue. Those cases will be held in "abeyance" until the new Members of the Authority are confirmed by the Senate and sworn in. Accordingly, the Authority will begin FY 2018 with a significant backlog of cases – 60 percent of its current inventory – in contrast to the beginning of FY 2017, which the Authority began with no backlog and only one "overage" case. That said, a joint Senate confirmation hearing for one of the existing Members and for the two Member-Designees was held on November 9, 2017, and all three nominees were voted out of Committee on November 9, 2017.

In FY 2017, the Authority continued to demonstrate its commitment to fulfilling its statutory mission of providing guidance to the labor-management-relations community. To that end, the Authority continued to review and make regular updates to its Comprehensive Arbitration Training and Comprehensive Negotiability Training programs, including instructional slides, interactive exercises, and other handouts. Of note, the Authority divided the Negotiability Training into two separate full-day sessions – *Navigating the Negotiability Process* and *Negotiability In Depth: Management Rights and Beyond* – to rave reviews. Moreover, in FY 2018, the Authority will continue to update its other educational tools, specifically, its comprehensive *Guide to Arbitration under the Statute*, which provides guidance to arbitrators and parties to arbitration cases – the most common case type filed with the Authority.

  - ***Authority – OALJ***

The OALJ met or exceeded all of its performance goals in FY 2017. The OALJ encourages Federal unions, agencies, and OGC representatives to utilize its Settlement Judge Program, which has been historically successful in resolving cases without the need for costly litigation involving a hearing or written decisions. In FY 2017, the Settlement Judge Program offered settlement assistance to 100 percent of the parties involved in ULP cases. And of the cases in which the parties accepted settlement assistance, nearly 95 percent were resolved without a hearing. This reduced the number of adversarial hearings needed to fewer than 15. Furthermore, the OALJ resolved 93 percent of all ULP cases, including those that required an adversarial hearing, within 180 days. As a result, Federal agencies and unions received timely resolution of their labor disputes, which facilitates and improves employee performance and creates a more effective and efficient Federal Government. Further, the OALJ has issued decisions on 98 percent of ULP cases within 365 days of the complaint being issued.

- ***Authority - CADRO***

The CADRO Director serves as the Settlement Official for the OALJ. But the primary focus of the CADRO program is to assist Federal agencies, and the unions that represent Federal employees, in resolving negotiability disputes. Once again in FY 2017, 100 percent of CADRO negotiability cases resulted in full or partial resolution of the underlying dispute and closure of the pending case – exceeding the goal of 90 percent in that category. CADRO helped parties in more than 30 cases resolve more than 200 distinct negotiability questions (proposals or provisions). CADRO is also available to parties that elect to use CADRO's services in arbitration cases that have been appealed to the Authority. CADRO was able to achieve full or partial resolution in 80 percent of those cases, exceeding its goal of 75 percent.

Almost all of the cases that CADRO resolves would have otherwise required decisions by the Authority. But the value of CADRO's services goes far beyond the staff hours and the taxpayer dollars that it saves. The stakeholders in CADRO cases consistently solve difficult problems in addition to resolving complex legal disputes. For example, during the past four out of six fiscal years, CADRO staff has fully or partially resolved in the range of 35 or more negotiability and arbitration cases per year. Although the number is fairly consistent, the mix of cases can profoundly differ from year to year. During FY 2017, a union representing thousands of public-safety-related employees in a cabinet-level agency presented CADRO with 15 separate cases containing 119 negotiability and bargaining-obligation disputes. CADRO staff not only helped the parties resolve every individual dispute and complete their underlying collective-bargaining agreements, but also supported the parties at the national level as they constructed global solutions to ultimately prevent similar disputes from arising in the future. As a result, the parties averted additional costly litigation, implementation delays, and associated adverse impact on mission and quality of work life.

- ***OGC***

The OGC continued delivering strong results in FY 2017. The OGC met its strategic performance goals for the timely resolution of ULP and representation cases (resolving over 73 percent of all ULP cases within 120 days of the filing date and 68 percent of representation cases within 120 days of filing) and continued closing cases at increased rates.

In conjunction with the OGC's emphasis on resolving cases in a timely and high-quality manner, the OGC has continued to offer voluntary ADR services to resolve cases. This is particularly important as the OGC has the largest case intake among all of the FLRA components (handling over three quarters of the FLRA's total case intake) and is the FLRA component with which the parties have the most direct contact. The beneficial effects of voluntary resolutions are obvious, and they advance the effective and efficient utilization of Government resources.

In FY 2017, the OGC resolved over 780 ULP cases by voluntary adjustment during the investigative process. In addition, the OGC resolved 100 percent of the ULP cases and over 98 percent of the representation cases in which the parties agreed to use the OGC's ADR services. These successful voluntary ADR efforts resulted in significant savings of Governmental staff and budgetary resources. For example, during FY 2017, the OGC successfully employed ADR to resolve several clarification-of-unit petitions involving over 300 positions. The parties in these cases requested that the OGC provide ADR services with an eye toward avoiding the formal hearing process (on-the-record hearing, followed by briefing, and issuance of a formal decision with appeal rights). The OGC met with the parties involved in these cases and through a combination of educating the parties on the applicable legal standards, obtaining information concerning the duties and responsibilities of the positions in dispute and facilitating a constructive dialogue and review of the positions at issue, the parties were able to consensually resolve all of the positions in dispute. By working cooperatively with the parties in these cases, the OGC was able to use ADR to resolve these cases quickly and efficiently sparing the parties and the agency the expense and time of the formal adjudication process.

- ***FSIP***

In FY 2017, the FSIP again exceeded all of its timeliness goals for assisting parties in resolving their bargaining-impasse disputes. The most common types of impasses involved impact-and-implementation negotiations over changes in agency policies or procedures, as well as negotiations over successor collective-bargaining agreements, which arise when the current collective-bargaining agreement has expired, or is about to expire. Both types of disputes are critical and time-sensitive. Impact-and-implementation-bargaining disputes often involve negotiations over agency changes to policy or procedure to improve efficiency in the delivery of its mission. Successful and timely resolution of the impasse allows the parties to move forward in implementing the proposed change.

Both the number and types of issues presented in requests for FSIP assistance can vary greatly from case to case. But the most common issues that the parties asked the FSIP to assist with in FY 2017 involved work schedules, including the establishment and termination of compressed and alternative work schedules. Other common issues included negotiations over personnel policies and matters, and office-space-related matters: how much work space will be allocated to employees; office layout; and equipment.

The FSIP is free to use whatever methods and procedures it considers appropriate for quickly and effectively resolving the dispute. The FSIP most commonly resolved impasse disputes using mediation-arbitration proceedings or informal conferences conducted by FSIP Members. Mediation-arbitrations and informal conference are processes that allow the assigned

FSIP Member to begin work on the case as a neutral mediator seeking to help the parties reach voluntary resolution of their dispute – meeting with parties, conveying proposals and counterproposals, suggesting compromises, and otherwise seeking to bridge the gap between the parties. But if those mediation efforts are not successful in achieving a voluntary settlement, then, in the Mediation-Arbitration procedure, the FSIP Member takes on the mantle of an arbitrator, conducting a hearing and issuing a final and binding Arbitration Opinion and Decision that resolves the bargaining impasse. In the Informal Conference procedure, if voluntary settlement is not achieved, the full FSIP Panel considers the recommendation of the Panel member and issues a written decision resolving the outstanding issues.

In cases where the FSIP used Mediation-Arbitration or Informal Conferences to resolve Federal-sector impasses, it obtained complete, voluntary settlements over 85 percent of the time. As a result of this high percentage of voluntary settlements, in FY 2017, the FSIP Members imposed contract terms on the parties in only 7 cases – approximately 7 percent of the FSIP's caseload. The remainder of the FSIP's cases where the Panel determined to assert jurisdiction were voluntarily withdrawn or settled by the parties – achieving the most ideal solution while also minimizing the disruption to Government operations and costs to taxpayers.

Mission Accomplishment – Providing Training and Education across the Federal Government

Consistent with its strategic goals, in FY 2017, the FLRA continued to promote stability in the Federal labor-management community by providing leadership and guidance through education and reference resources, including the launch of its redesigned website (www.FLRA.gov), web-based and in-person trainings, and the release and update of substantive guides and manuals.

With the launch of its redesigned website last year – including improvements to the site's appearance, organizational structure, and revision of all substantive content – the FLRA now provides a truly user-friendly, empowering resource for parties to FLRA cases and the broader Federal-sector labor-management community. Addressing feedback from both internal and external customers that they were often unable to locate the case-related information that they were seeking or that it took too many mouse clicks to access, the FLRA developed a more intuitive, user-friendly, and accessible organizational structure based on the case types that the various program offices within the FLRA process. That is, rather than site visitors having to know which office does what and at which particular stage during a case, now they have only to search by the case type, and they will find descriptions of each office's unique functions in that context. The new site is fully "integrated": Every FLRA training opportunity, written guide, or manual is now available on one centralized page, rather than on office-specific pages. And there is even an online tool that allows customers, for the first time, to register for all FLRA training events directly through the website. The organization around case types, rather than individual office functions, allows users to navigate to the pages they want to access most – and in fewer mouse clicks. Additionally, as part of this initiative, the FLRA made electronically available to its customers relevant "archival" and other materials (e.g., decisions of predecessor agencies, legislative history of the agency's implementing Statute, decisions of the Foreign Service Labor Relations Board) that had previously been unavailable outside of the FLRA's physical library location. Feedback on the new site is universally positive, and the agency and its customers have reaped – and will continue to reap – dividends from the improvement to the overall customer experience for years to come.

The FLRA continued to provide web-based and in-person training nationwide to members of the Federal-sector labor-management community – union representatives, agency representatives, and neutrals – in all aspects of its case law and processes. In FY 2017, the FLRA, as a whole, provided nearly 275 training, outreach, and facilitation sessions to over 8,100 participants. Just over the last 5 years, the FLRA has provided nearly 1,400 such sessions to nearly 36,000 participants worldwide. The Authority, the OGC, and the FSIP provided training at several nationwide, annual conferences, including the Society of Federal Labor and Employee Relations Professionals (SFLERP) symposium and the Federal Dispute Resolution (FDR) conference. These sessions included presentations of newly prepared materials of current relevance, as well as updated materials for more standard sessions.

In addition, the Authority delivered its own training programs to approximately 300 Federal-sector union representatives, agency representatives, neutrals, and new Authority attorneys in FY 2017. This included several, full-day sessions of Comprehensive Arbitration Training and Comprehensive Negotiability Training using, as noted above, updated training materials (including instructional slides, interactive exercises, and other handouts). In particular, because negotiability cases have the highest rate of procedural dismissals of any type of case filed with the Authority, the negotiability training is intended to meet the goals of helping the parties to: comply with the Authority's regulatory procedural requirements (thus reducing case-processing time); file their cases in a different, appropriate forum when necessary; and use ADR to avoid costly litigation. The overwhelmingly positive feedback received from participants in these sessions indicates that these trainings produced the desired results and will further the above goals in future cases. Moreover, the Authority Members all personally conducted various training sessions on arbitration cases and other topics of interest to the Federal-sector labor-management community, including in conjunction with SFLERP, FDR, the FMCS, and the National Academy of Arbitrators.

The OGC continued to focus its training efforts on the front lines, where the work is done and where its efforts can have immediate and lasting effect. By bringing its training services directly to the parties, the OGC educates management and labor representatives on their rights and responsibilities under the Statute, thereby empowering them to more effectively and efficiently avoid – and if necessary, resolve – workplace disputes at the lowest level.

In FY 2017, the OGC conducted over 70 training sessions reaching over 3,600 managers and employees. The OGC also continued providing the parties with up-to-date and topical web-based resources, including revisions to its *Representation Case Law Outline*, *ULP Case Law Outline* and *Guidance on Meetings*, which are the "go-to" resources for the Federal-sector labor-management relations community and have elicited much favorable feedback.

Employee Engagement

Since 2009, the FLRA has been a leader in creating a culture of operational excellence and employee engagement to enable higher mission performance.

For the third consecutive year, the FLRA was recognized as a Top Five small agency in the 2016 *Best Places to Work in the Federal Government* rankings, which were released in December 2016. With an overall index score of 80.2, the FLRA ranked #5 among 29 small agencies, and its index score was over 20 points higher than the Government-wide average of 59.4. The rankings also measure employee attitudes regarding 10 workplace categories. The FLRA ranked #1 in 7 of 10 categories – Effective Leadership; Strategic Management; Teamwork; Work-Life Balance; Support for Diversity; and Performance-Based Rewards and Advancement. In addition, the FLRA ranked #1 in the Effective Leadership – Empowerment sub-category, and #2 in the Pay category and the Effective Leadership – Empowerment sub-category. The FLRA also continued to make steady progress in the Innovation category, ranking #5 in 2016 – up from #6 in 2015 and #8 in 2014.

In FY 2017, the FLRA continued to receive overall positive FEVS scores. As noted above, it had 55 identified strengths and no identified challenges; compared to 2016, it increased its positive ratings for 15 questions; and it outperformed the Government-wide average in 70 out of 71 questions. In addition, the FLRA continued to rank in the top ten among small agencies in both the Employee Engagement and New IQ Indices – with #6 and #5 rankings, respectively. With an Employee Engagement Index score of 77 percent and a New IQ Index score of 71 percent, the FLRA exceeds the Government-wide average for each index, as well as for every sub-category of each index. In addition, the FLRA's Global Satisfaction index score of 72 percent – well above the Government-wide average of 64 percent – is a positive indicator of employees' overall workplace satisfaction.

The FLRA's dramatic improvement with respect to employee engagement and satisfaction over the last eight years reflects the commitment of leadership – at all levels and throughout the agency – to manage the agency with transparency and accountability and to engage employees. It also demonstrates the commitment and dedication of FLRA employees. Concurrent with the agency's significant increase in employee morale and satisfaction since 2009, there has been a marked improvement in the FLRA's mission performance and the delivery of services to its customers.

Performance Outcome Measures	FY 2017 Target	FY 2017 Actual	Result
Strategic Goal 1: We will resolve disputes under the Statute in a timely, high-quality, and impartial manner.			
Performance Goal 1.1: Produce timely review and disposition of *unfair-labor-practice cases*.			
Measure 1.1: The percentage of ULP charges resolved by the OGC by complaint, withdrawal, dismissal, or settlement within 120 days of filing of the charge.	72%	73%	Exceeded
Measure 1.2: The percentage of decisions on an appeal of a Regional Director's dismissal of a ULP charge issued within 60 days of the date filed, and in no case more than 120 days.	95%/100%	96%/100%	Exceeded/ Met
Measure 1.3: The percentage of ULP complaints issued by the General Counsel decided in the OALJ within 180 days of the complaint being issued.	50%	93%	Exceeded
Measure 1.4: The percentage of ULP cases decided within 150 days of assignment to an Authority Member.	75%	50%	Not Met

Performance Outcome Measures	FY 2017 Target	FY 2017 Actual	Result
Performance Goal 2.1: Resolve overage *unfair-labor-practice cases* in a timely fashion.			
Measure 2.1: The percentage of ULP charges resolved by the OGC by complaint, withdrawal, dismissal, or settlement within 240 days of filing of the charge.	95%	95%	Met
Measure 2.2: The percentage of ULP complaints issued by the General Counsel decided in the OALJ within 365 days of the complaint being issued.	99%	98%	Substantially Met
Performance Goal 1.2: Produce timely review and disposition of *representation cases*.			
Measure 1.5: The percentage of representation cases resolved by the OGC through withdrawal, election, or issuance of a Decision and Order within 120 days of the filing of a petition.	70%	68%	Substantially Met
Measure 1.6: The percentage of representation cases in which the Authority issued a decision whether to grant review within 60 days of the filing of an application for review.	100%	100%	Met

Performance Outcome Measures	FY 2017 Target	FY 2017 Actual	Result
Performance Goal 2.2: Resolve overage *representation cases* in a timely fashion.			
Measure 2.3: The percentage of representation cases resolved by the OGC through withdrawal, election, or issuance of a Decision and Order within 365 days of the filing of a petition.	95%	95%	Met
Measure 2.4: The percentage of representation cases in which the Authority grants review, where the Authority will issue a decision on review, or reach other final resolution of the case, within 365 days of the filing of an application for review.	95%	100%	Exceeded
Performance Goal 1.3: Produce timely review and disposition of *arbitration cases*.			
Measure 1.7: The percentage of arbitration cases decided within 150 days of assignment to an Authority Member.	75%	79%	Exceeded
Performance Goal 2.3: Resolve overage *arbitration* cases in a timely fashion.			
Measure 2.5: The percentage of arbitration cases decided within 365 days of assignment to an Authority Member.	95%	100%	Exceeded
Performance Goal 1.4: Produce timely review and disposition of *negotiability cases*.			
Measure 1.8: The percentage of negotiability cases decided within 150 days of assignment to an Authority Member.	75%	75%	Met

Performance Outcome Measures	FY 2017 Target	FY 2017 Actual	Result
Performance Goal 2.4: Resolve overage *negotiability* cases in a timely fashion.			
Measure 2.5: The percentage of negotiability cases decided within 365 days of assignment to an Authority Member.	95%	100%	Exceeded
Performance Goal 1.5: Produce timely review and disposition of *bargaining-impasse cases*.			
Measure 1.9: The percentage of bargaining-impasse cases, in which jurisdiction is declined, closed within 140 days of the date filed.	80%	93%	Exceeded
Measure 1.10: The percentage of bargaining-impasse cases voluntarily settled after jurisdiction has been asserted within 160 days of the date filed.	70%	93%	Exceeded
Measure 1.11: The percentage of bargaining-impasse cases resolved through a final action closed within 200 days of the date filed.	70%	77%	Exceeded
Strategic Goal 2: We will promote stability in the federal labor-management community by providing leadership and guidance through *ADR and Education.*			
Performance Goal 1.1: Provide targeted access to training, outreach, and facilitation activities within the labor-management community.			
Measure 1.1: The number of training, outreach, and facilitation activities conducted.	275	273	Substantially Met
Measure 1.2: The number of participants involved in training, outreach, and facilitation activities.	7,000	8,122	Exceeded

Performance Outcome Measures	FY 2017 Target	FY 2017 Actual	Result
Performance Goal 2.1: Successfully resolve a significant portion of FLRA cases through ADR.			
Measure 2.1: The percentage of ULP cases in the OGC in which ADR services are offered.	100%	100%	Met
Measure 2.2: The percentage of ULP cases in the OGC in which an offer of ADR services is accepted by the parties that are partially or totally resolved.	95%	100%	Exceeded
Measure 2.3: The percentage of appropriate ULP cases in the OALJ in which Settlement-Judge services are offered.	90%	100%	Exceeded
Measure 2.4: The percentage of ULP cases in the OALJ in which an offer of Settlement-Judge services is accepted by the parties that are partially or totally resolved.	85%	93%	Exceeded
Measure 2.5: The percentage of representation cases in the OGC in which an offer of ADR services is accepted by the parties that are partially or totally resolved.	95%	100%	Exceeded

Performance Outcome Measures	FY 2017 Target	FY 2017 Actual	Result
Measure 2.6: The percentage of appropriate arbitration cases in the Authority in which ADR services are offered.	100%	100%	Met
Measure 2.7: The percentage of arbitration cases in the Authority in which an offer of ADR services is accepted by the parties that are partially or totally resolved.	75%	80%	Exceeded
Measure 2.8: The percentage of appropriate negotiability cases in the Authority in which ADR services are offered.	100%	100%	Met
Measure 2.9: The percentage of negotiability cases in the Authority in which ADR services are provided that are partially or totally resolved.	90%	100%	Exceeded
Measure 2.10: The percentage of bargaining-impasse cases in which parties' disputes are totally resolved voluntarily.	30%	30%	Met

Performance Outcome Measures	FY 2017 Target	FY 2017 Actual	Result
Strategic Goal 3: We will manage our resources effectively and efficiently in order to achieve organizational excellence.			
Performance Goal 1: Recruit, retain, and develop a highly talented, motivated, and diverse workforce to accomplish the FLRA's mission.			
Measure 1.1: Demonstrate strong recruitment and retention practices.	Provide staff with developmental opportunities. Align the agency-wide Performance Year with the Fiscal Year. Review all agency electronic Official Personnel Folders (eOPFs), position descriptions (PDs), and PD cover sheets for accuracy. See p. 51 for a detailed description.	See p. 51 for a detailed description.	Met
Measure 1.2: Maintain and grow agency expertise through employee development.	Provide staff with developmental opportunities. Managers will assess all employees on their developmental needs and provide at least one targeted developmental opportunity to each staff member. Maintain sustained growth of positive responses to the OPM FEVS question "supervisors in my work unit support employee development" (Q. 47). See p. 53 for a detailed description.	See p. 53 for a detailed description.	Substantially Met

Performance Outcome Measures	FY 2017 Target	FY 2017 Actual	Result
Performance Goal 2: Improve use of existing technology and deploy new IT systems to streamline and enhance organizational operations.			
Measure 2.1: Expand the use of eFiling.	65 percent of cases eFiled.	35 percent of cases eFiled.	Not Met
Measure 2.2: Electronic end-to-end case processing.	Create a more user-friendly eFiling experience. Modernize infrastructure to allow for complete integration of the CMS, the eFiling system, and the DMS. Deploy a cloud-based DMS. See p. 56 for a detailed description.	See p. 56 for a detailed description.	Met

FINANCIAL ANALYSIS

The FLRA's principal financial statements have been prepared to report the financial position and results of operations of the agency, pursuant to the requirements of 31 U.S.C. § 3515(b). While the statements have been prepared from the books and records of the FLRA in accordance with U.S. Generally Accepted Accounting Principles for federal entities and the formats prescribed by the OMB, the statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records. The statements should be read with the realization that they are for a component of the U.S. Government, a sovereign entity.

Balance Sheet

The Balance Sheet presents the FLRA's financial position through the identification of agency assets, liabilities, and net position. The FLRA's fund balance with the Department of the Treasury (the Treasury) is its largest asset, accounting for nearly 90 percent of total assets in both FY 2016 and FY 2017. The FLRA does not maintain any cash in commercial bank accounts or foreign currency balances, nor does it have any revolving or trust funds. The agency's second largest asset is its furniture, equipment, and IT hardware and software, which is recorded at original acquisition cost, and then depreciated using the straight-line method over the estimated useful life of the asset.

Total assets increased to $5.1 million at the end of FY 2017 from $4.7 million at the end of FY 2016. The agency did not make any new fixed-asset purchases in FY 2017, while the net book value of property and equipment already owned experienced further depreciation.

Assets as of September 30,	2017	2016
Fund balance with the Treasury	$4,981,469	$4,447,303
General property and equipment	187,819	312,839
Prepaid expenses	5,429	0
Accounts receivable	10,389	35,868
Total	**$5,185,106**	**$4,796,010**

Totals may not add due to rounding.

Funds held with the Treasury are available to pay agency liabilities, which represent the amount of monies or other resources likely to be paid by the FLRA as a result of transactions or events that have already occurred. Accrued employee leave, payroll, and benefits costs, along with accrued workers' compensation under the Federal Employees Compensation Act (FECA), accounted for 85 percent of total liabilities at the end of FY 2016. The remaining 15 percent reflects the amount owed by the FLRA to vendors and other federal agencies for purchased goods and services. Agency liabilities totaled $4.2 million in FY 2016, and $4.4 million in FY 2017.

Liabilities as of September 30,	2017	2016
Unfunded leave	$1,239,740	$1,333,158
FECA liability	1,496,960	1,371,281
Accrued payroll and benefits	738,689	1,038,339
Accounts payable	924,780	503,126
Total	**$4,400,169**	**$4,245,904**

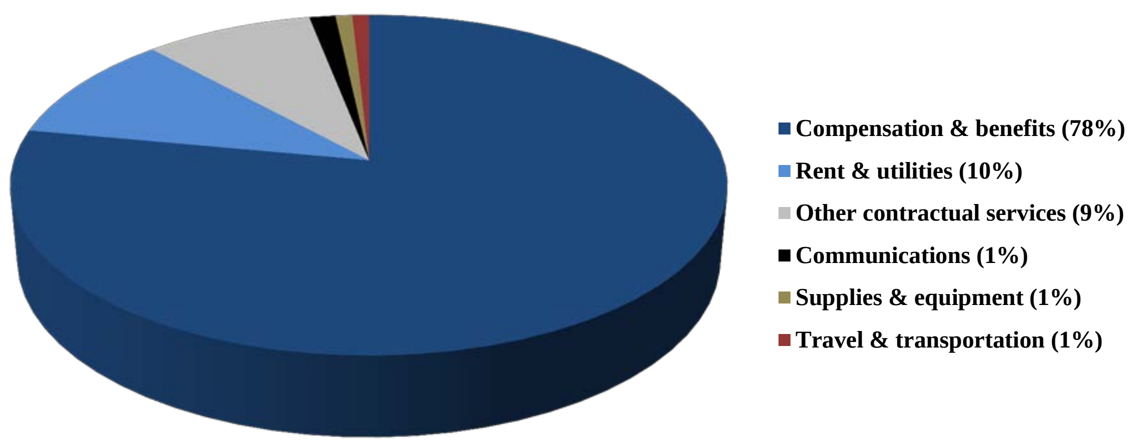
Totals may not add due to rounding; 2016 FECA liability includes $56K (Other liability)

The FLRA's total net position at the end of FY 2017 was $784 thousand, a $234 thousand increase from the previous year.

Statement of Net Cost

The Statement of Net Cost presents the gross cost of operating the FLRA's three major programs, less any reimbursable revenue earned from those activities. The net cost of operations in FY 2017 was $26.6 million, which is the same as in FY 2016, indicating no material year-over-year change. In FY 2017, 55 percent of the agency's direct resources were dedicated to the Authority, which includes central administrative services provided to the entire agency; 42 percent were dedicated to the OGC; and the remaining 3 percent were devoted to the FSIP.

FY 2017 Financial Obligations by Budget Object Class



Statement of Changes in Net Position

The Statement of Changes in Net Position reflects the changes that occurred within the cumulative results of operations and any unexpended appropriations. The cumulative results of operations represent the net results of operations since inception, the cumulative amount of prior-period adjustments, the remaining book value of capitalized assets, and future funding requirements. Cumulative results from FY 2016 to FY 2017 reflect a $200K increase totaling $2.5 million.

Unexpended appropriations include undelivered orders and unobligated balances. Undelivered orders reflect the amount of goods and services ordered that have yet to be received. Unobligated balances are the amount of appropriations or other authority remaining after deducting the cumulative obligations from the amount available for obligation. The FLRA had a decrease of $487 thousand in total, unexpended agency appropriations in FY 2017.

Statement on Budgetary Resources

The Statement on Budgetary Resources reports the budgetary resources available to the FLRA during FY 2016 and FY 2017 to carry out the activities of the agency, as well as the status of those resources at the end of each year. The primary source of FLRA funding is its annual Salaries and Expenses appropriation from the Congress. The agency also receives reimbursements, pursuant to the Economy Act, for travel expenses associated with training provided by agency employees on the Statute and FLRA mission.

The FLRA had $27.4 million in total budgetary resources available to it in FY 2017. The agency incurred obligations of $26.2 million in FY 2017, while recording outlays of $25.4 million. Total budgetary resources decreased by $89 thousand in FY 2017, due primarily to the timing of unpaid obligations.

MANAGEMENT ASSURANCES

The Federal Managers Financial Improvement Act (FMFIA) of 1982 requires agencies to establish internal-control and financial systems that provide reasonable assurance that the integrity of federal programs and operations are protected. The FMFIA also requires the Chairman to annually assess and report on the effectiveness of internal controls and to provide an annual Statement of Assurance on whether the agency has met this requirement.

Annual FMFIA Statement of Assurance

In accordance with the requirements of OMB Circular A-123, *Management's Responsibility for Internal Control,* the FLRA conducted an assessment of the effectiveness of the organization's internal controls to support effective and efficient operations, reliable financial reporting, and compliance with applicable laws and regulations, and to determine whether the financial management system conforms to applicable financial requirements.

Based on the results of this assessment, the FLRA provides reasonable assurance that its internal controls over the effectiveness and efficiency of operations, reliable financial reporting, and compliance with applicable laws and regulations as of September 30, 2017, were operating effectively and that no material weaknesses were found in the design or operation of our internal controls.

Further, based on our assessment, we determined that the FLRA financial-management system conforms to applicable financial-systems requirements.

Patrick Pizzella
Acting Chairman
November 15, 2017

PERFORMANCE GOALS AND RESULTS

STRATEGIC GOAL 1: WE WILL RESOLVE DISPUTES UNDER THE STATUTE IN A TIMELY, HIGH-QUALITY, AND IMPARTIAL MANNER

PERFORMANCE GOAL 1.1: PRODUCE TIMELY REVIEW AND DISPOSITION OF *UNFAIR-LABOR-PRACTICE CASES*.

The General Counsel has independent responsibility for the investigation, settlement, and prosecution of ULP charges. ULP cases originate with the filing of a charge in a Regional Office by an employee, a labor organization, or an agency. Once a charge has been filed, the Regional Office will investigate the charge to determine whether it has merit. If the Regional Director determines that the charge has merit, then he or she will, absent settlement, issue and prosecute a complaint before an ALJ. If the Regional Director determines that the charge lacks merit, then the charging party is entitled to a written explanation, and, if not satisfied, may appeal that decision to the General Counsel in Washington, D.C. If the General Counsel upholds the dismissal, then the case is closed. The Authority has appointed ALJs to hear ULP cases prosecuted by the General Counsel. The OALJ transmits recommended decisions of the ALJs to the Authority, which may affirm, modify, or reverse them in whole or in part on exceptions. If no exceptions are filed to an ALJ's decision, then the Authority adopts the decision without precedential significance.

OGC	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Cases pending, start of year	1,488	1,570	1,425	1,178	1,333
Charges filed	4,659	4,696	4,418	4,345	3,655
Total caseload	**6,147**	**6,266**	**5,843**	**5,523**	**4,988**
Charges withdrawn/settled	3,646	3,779	3,662	3,268	3,130
Charges dismissed	673	809	800	749	786
Complaints issued	258	253	203	173	190
Total cases closed	**4,577**	**4,841**	**4,665**	**4,190**	**4,106**
Cases pending, end of year	**1,570**	**1,425**	**1,178**	**1,333**	**882**
OALJ	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**
Cases pending, start of year	115	120	105	62	60
Cases received from the OGC	271	260	222	179	197
Total caseload	**386**	**380**	**327**	**241**	**257**
Settlements before decision	223	245	187	130	176
Cases closed by decision	43	30	78	51	24
Total cases closed	**266**	**275**	**265**	**181**	**200**
Cases pending, end of year	**120**	**105**	**62**	**60**	**57**

Authority	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Cases pending, start of year	2	12	13	24	9
Exceptions filed	27	27	62	45	23
Total caseload	**29**	**39**	**75**	**69**	**27**
Cases closed procedurally	16	18	37	51	22
Cases closed based on merits	1	8	14	9	2
Total cases closed	**17**	**26**	**51**	**60**	**24**
Cases pending, end of year	**12**	**13**	**24**	**9**	**3**

Measure 1.1: The percentage of ULP charges resolved by the Office of the General Counsel (OGC) by complaint, withdrawal, dismissal, or settlement within 120 days of filing of the charge.

FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	
Actual	**Actual**	**Actual**	**Actual**	**Target**	**Actual**
68%	67%	72%	71%	72%	73%

Data Source: Case Management System (CMS)

Target: Exceeded.

Measure 1.2: The percentage of decisions on an appeal of a Regional Director's dismissal of a ULP charge issued within 60 days of the date filed, and in no case more than 120 days.

FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	
Actual	**Actual**	**Actual**	**Actual**	**Target**	**Actual**
100%/100%	98%/100%	98%/100%	100%/100%	95%/100%	96%/100%

Data Source: CMS

Target: Exceeded.

Measure 1.3: The percentage of ULP complaints issued by the General Counsel resolved or decided in the OALJ within 180 days of the complaint being issued.			
FY 2012	**FY 2013**	**FY 2014**	**FY 2015**
Actual	**Actual**	**Actual**	**Actual**
90%	86%	91%	77%

Measure 1.3: The percentage of ULP complaints issued by the General Counsel decided in the OALJ within 180 days of the complaint being issued.*			
FY 2016	**FY 2017**		***Clarified measure beginning in FY 2016**
Actual	**Target**	**Actual**	
80%	50%	93%	
Data Source: CMS			
Target: Exceeded.			

Measure 1.4: The percentage of ULP cases decided within 180 days of assignment to an Authority Member.			
FY 2013	**FY 2014**	**FY 2015**	**FY 2016**
Actual	**Actual**	**Actual**	**Actual**
100%	50%	57%	89%

Measure 1.4: The percentage of ULP cases decided within 150 days of assignment to an Authority Member.*		
FY 2017		***New measure beginning in FY 2017**
Target	**Actual**	
75%	50%	
Data Source: CMS		
Target: Did not meet. This is the first year of a transition from a goal of issuing 75 percent of decisions within 180 days to the more ambitious goal of issuing 75 percent of decisions within 150 days. That, coupled with a low inventory of ULP cases, contributed to the Authority's inability to meet this goal in FY 2017. The Authority issued only 2 ULP decisions total in FY 2017 – one timely and one untimely. The untimely case went overage by only 2 days, issuing within 152 days, which would have been timely under the previous, 180-day goal. Normally, the Authority would have issued more ULP cases, which would have helped ensure a higher percentage of timely ULP issuances.		

PERFORMANCE GOAL 2.1: RESOLVE OVERAGE *UNFAIR-LABOR-PRACTICE CASES* IN A TIMELY FASHION.

As part of its 2015-2018 Strategic Plan, the FLRA developed new performance measures for FY 2016 and FY 2017 to ensure that cases in which the primary timeliness goal is not met are sufficiently targeted and do not go significantly overage.

Measure 2.1: The percentage of ULP charges resolved by the OGC by complaint, withdrawal, dismissal, or settlement within 240 days of filing of the charge.*			
FY 2016	**FY 2017**		***New measure beginning in FY 2016**
Target	**Target**	**Actual**	
95%	95%	95%	
Data Source: CMS			
Target: Met.			

Measure 2.2: The percentage of ULP complaints issued by the General Counsel decided in the OALJ within 365 days of the complaint being issued.*			
FY 2016	**FY 2017**		***New measure beginning in FY 2016**
Target	**Target**	**Actual**	
89%	99%	98%	
Data Source: CMS			
Target: Substantially met.			

Measure 2.3: The percentage of ULP cases decided within 365 days of assignment to an Authority Member.*		
FY 2017		***New measure beginning in FY 2017**
Target	**Actual**	
95%	100%	
Data Source: CMS		
Target: Exceeded.		

PERFORMANCE GOAL 1.2: PRODUCE TIMELY REVIEW AND DISPOSITION OF *REPRESENTATION CASES*.

The Statute sets out a specific procedure for employees to petition to be represented by a labor union and to determine which employees will be included in a "bargaining unit" that a union represents. Implementing this procedure, the FLRA conducts secret-ballot elections for union representation and resolves a variety of issues related to questions of union representation of employees. These issues include, for example, whether particular employees are managers or "confidential" employees excluded from union representation, whether there has been election misconduct on the part of agencies or unions, and whether changes in union and agency organizations affect existing bargaining units. Representation cases are initiated when an individual, a labor organization, or an agency files a petition with a Regional Office. After a petition is filed, the Regional Director conducts an investigation to determine the appropriateness of a unit or other matter related to the petition. After concluding such investigation, the Regional Director may conduct a secret-ballot election or hold a hearing to resolve disputed factual matters. After a hearing, the Regional Director issues a Decision and Order, which is final unless an application for review is filed with the Authority.

OGC	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Cases pending, start of year	89	89	65	70	112
Petitions filed	253	235	225	265	208
Total caseload	**342**	**324**	**290**	**335**	**320**
Petitions withdrawn	106	118	95	112	130
Cases closed based on merits	147	141	125	111	132
Total cases closed	**253**	**259**	**220**	**223**	**262**
Cases pending, end of year	**89**	**65**	**70**	**112**	**58**

Authority	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Cases pending, start of year	0	9	7	2	0
Applications for review	11	13	16	6	12
Total caseload	**11**	**22**	**23**	**8**	**12**
Cases closed procedurally	1	2	2	0	1
Cases closed based on merits	1	13	19	8	5
Total cases closed	**2**	**15**	**21**	**8**	**6**
Cases pending, end of year	**9**	**7**	**2**	**0**	**6**

Measure 1.5: The percentage of representation cases resolved by the OGC through withdrawal, election, or issuance of a Decision and Order within 120 days of the filing of a petition.					
FY 2013	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**	
Actual	**Actual**	**Actual**	**Actual**	**Target**	**Actual**
60%	66%	72%	73%	70%	68%
Data Source: CMS					
Target: Substantially met.					

Measure 1.6: The percentage of representation cases in which the Authority issued a decision whether to grant review within 60 days of the filing of an application for review.					
FY 2013	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**	
Actual	**Actual**	**Actual**	**Actual**	**Target**	**Actual**
100%	100%	100%	100%	100%	100%
Data Source: CMS					
Target: Met.					

PERFORMANCE GOAL 2.2: RESOLVE OVERAGE *REPRESENTATION CASES* IN A TIMELY FASHION.

As part of its 2015-2018 Strategic Plan, the FLRA developed new performance measures for FY 2016 and FY 2017 to ensure that cases in which the primary timeliness goal is not met are sufficiently targeted and do not go significantly overage.

Measure 2.3: The percentage of cases resolved by the OGC through withdrawal, election, or issuance of a Decision and Order within 365 days of the filing of a petition.*			
FY 2016	**FY 2017**		***New measure beginning in FY 2016**
Target	**Target**	**Actual**	
98%	95%	95%	
Data Source: CMS			
Target: Met.			

Measure 2.4: The percentage of representation cases in which the Authority grants review, where the Authority will issue a decision on review, or reach other final resolution of the case, within 365 days of the filing of the application for review.*		
FY 2017		***New measure beginning in FY 2017**
Target	**Actual**	
95%	100%	
Data Source: CMS		
Target: Exceeded.		

PERFORMANCE GOAL 1.3: PRODUCE TIMELY REVIEW AND DISPOSITION OF *ARBITRATION CASES*.

Either party to grievance arbitration may file with the Authority an exception (appeal) to an arbitrator's award. The Authority will review an arbitrator's award to which an exception has been filed to determine whether the award is deficient because it is contrary to any law, rule, or regulation, or on grounds similar to those applied by federal courts in private-sector, labor-management relations.

Authority	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Cases pending, start of year	40	123	90	50	40
Exceptions filed	124	89	99	86	103
Total caseload	**164**	**212**	**189**	**136**	**143**
Cases closed procedurally	19	16	15	21	16
Cases closed based on merits	22	106	124	75	56
Total cases closed	**41**	**122**	**139**	**96**	**72**
Cases pending, end of year	**123**	**90**	**50**	**40**	**71**

Measure 1.7: The percentage of arbitration cases decided within 180 days of assignment to an Authority Member.			
FY 2013	**FY 2014**	**FY 2015**	**FY 2016**
Actual	**Actual**	**Actual**	**Actual**
91%	34%	40%	79%

Measure 1.7: The percentage of arbitration cases decided within 150 days of assignment to an Authority Member.*		
FY 2017		***New measure beginning in FY 2017**
Target	**Actual**	
75%	79%	
Data Source: CMS		
Target: Exceeded.		

PERFORMANCE GOAL 2.3: RESOLVE OVERAGE *ARBITRATION CASES* IN A TIMELY FASHION.

As part of its 2015-2018 Strategic Plan, the FLRA developed new performance measures for FY 2016 and FY 2017 to ensure that cases in which the primary timeliness goal is not met are sufficiently targeted and do not go significantly overage.

Measure 2.5: The percentage of arbitration cases decided within 365 days of assignment to an Authority Member *		
FY 2017		***New measure beginning in FY 2017**
Target	**Actual**	
95%	100%	
Data Source: CMS		
Target: Exceeded.		

PERFORMANCE GOAL 1.4: PRODUCE TIMELY REVIEW AND DISPOSITION OF *NEGOTIABILITY CASES*.

A federal agency bargaining with a union may claim that a particular union proposal cannot be bargained because it conflicts with federal law, a government-wide rule or regulation, or an agency regulation for which there is a compelling need. In both of these situations, a union may petition the Authority to resolve the negotiability dispute. In addition, agency heads may disapprove collective-bargaining agreements if those agreements are contrary to law, and a union may petition the Authority to resolve the negotiability dispute.

Authority	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Cases pending, start of year	8	9	17	23	27
Petitions filed	30	43	54	55	40
Total caseload	**38**	**52**	**71**	**78**	**67**
Cases closed procedurally	27	29	40	47	52
Cases closed based on merits	2	6	8	4	4
Total cases closed	**29**	**35**	**48**	**51**	**56**
Cases pending, end of year	**9**	**17**	**23**	**27**	**11**

Measure 1.8: The percentage of negotiability cases decided within 180 days of assignment to an Authority Member.

Results			
FY 2013	**FY 2014**	**FY 2015**	**FY 2016**
80%	60%	50%	75%

Measure 1.8: The percentage of negotiability cases decided within 150 days of assignment to an Authority Member.*

FY 2017		*New measure beginning in FY 2017
Target	**Actual**	
75%	75%	

Data Source: CMS

Target: Met.

PERFORMANCE GOAL 2.4: RESOLVE OVERAGE *NEGOTIABILITY CASES* IN A TIMELY FASHION.

As part of its 2015-2018 Strategic Plan, the FLRA developed new performance measures for FY 2016 and FY 2017 to ensure that cases in which the primary timeliness goal is not met are sufficiently targeted and do not go significantly overage.

Measure 2.6: The percentage of *negotiability* cases decided within 365 days of assignment to an Authority Member *

FY 2017		*New measure beginning in FY 2017
Target	**Actual**	
95%	100%	

Data Source: CMS

Target: Exceeded.

PERFORMANCE GOAL 1.5: PRODUCE TIMELY REVIEW AND DISPOSITION OF *BARGAINING-IMPASSE CASES*.

In carrying out the right to bargain collectively, it is not uncommon for a union representative and a federal agency to simply not agree on certain issues, and for the bargaining to reach an impasse. Several options are available by which the parties may attempt to resolve the impasse. The parties may: decide, on their own, to use certain techniques to resolve the impasse, but may proceed to private, binding arbitration only after the FSIP approves the procedure; seek the services and assistance of the FMCS; or seek the assistance of the FSIP in resolving the negotiation impasse, but only after the previous options have failed.

FSIP	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Cases pending, start of year	38	40	28	33	41
Impasses filed	194	134	139	142	98
Total caseload	**232**	**174**	**167**	**175**	**139**
Cases closed	**192**	**146**	**134**	**134**	**125**
Cases pending, end of year	**40**	**28**	**33**	**41**	**14**

Measure 1.9: The percentage of bargaining-impasse cases, in which jurisdiction is declined, closed within 140 days of the date filed.					
FY 2013	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**	
Actual	**Actual**	**Actual**	**Actual**	**Target**	**Actual**
95%	89%	100%	80%	80%	93%
Data Source: CMS					
Target: Exceeded.					

Measure 1.10: The percentage of bargaining-impasse cases voluntarily settled after jurisdiction has been asserted within 160 days of the date filed.					
FY 2013	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**	
Actual	**Actual**	**Actual**	**Actual**	**Target**	**Actual**
97%	68%	100%	100%	70%	93%
Data Source: CMS					
Target: Exceeded.					

Measure 1.11: The percentage of bargaining-impasse cases resolved through a final action closed within 200 days of the date filed.					
FY 2013	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**	
Actual	**Actual**	**Actual**	**Actual**	**Target**	**Actual**
87%	61%	100%	100%	70%	77%
Data Source: CMS					
Target: Exceeded.					

STRATEGIC GOAL 2: WE WILL PROMOTE STABILITY IN THE FEDERAL LABOR-MANAGEMENT COMMUNITY BY PROVIDING LEADERSHIP AND GUIDANCE THROUGH ADR AND EDUCATION

Key to the FLRA's ADR objectives is to offer high-quality outreach and preventive services, as well as resources, to promote more effective labor-management relations across the federal government. In furtherance of that objective, the FLRA has integrated ADR and consensus decision-making into virtually all of its processes, and it has significantly expanded its training, outreach, and facilitation activities. ADR is an informal process that allows parties to discuss and develop their interests in order to resolve the underlying issues and problems in their relationships. This includes interest-based conflict resolution and intervention services in pending ULP cases, representation cases, arbitration cases, negotiability appeals, and bargaining-impasse disputes. The agency also provides facilitation and training to help labor and management develop collaborative relationships. Many of the FLRA's training programs are now available as web-based training modules, bringing educational tools and resources directly to agency customers at their desks to further assist them in resolving labor-management disputes. The FLRA's goals include delivering outreach, training, and facilitation services that significantly contribute to the mission of the FLRA, and ensuring that training participants evaluate FLRA training as highly effective.

PERFORMANCE GOAL 1.1: PROVIDE TARGETED ACCESS TO TRAINING, OUTREACH, AND FACILITATION ACTIVITIES WITHIN THE LABOR-MANAGEMENT COMMUNITY.

Measure 1.1: The number of training, outreach, and facilitation activities conducted.					
FY 2013	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**	
Actual	**Actual**	**Actual**	**Actual**	**Target**	**Actual**
302	225	306	280	275	273
Data Source: CMS					
Target: Substantially met.					

Measure 1.2: The number of participants involved in training, outreach, and facilitation activities.					
FY 2013	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**	
Actual	**Actual**	**Actual**	**Actual**	**Target**	**Actual**
5,976	5,114	8,294	8,440	7,000	8,122
Data Source: CMS					
Target: Exceeded.					

PERFORMANCE GOAL 2.1: SUCCESSFULLY RESOLVE A SIGNIFICANT PORTION OF FLRA CASES THROUGH ADR.

The FLRA has integrated ADR and consensus decision-making into virtually all of its case processes, and it has significantly expanded its training, outreach, and facilitation activities since FY 2011. ADR is an informal process that allows parties to discuss and develop their interests in order to resolve the underlying issues and problems in their relationships. This includes interest-based conflict resolution and intervention services in pending ULP cases, representation cases, arbitration cases, negotiability appeals, and bargaining-impasse disputes. The agency also provides facilitation and training to help labor and management develop collaborative relationships. Many of the FLRA's training programs are now available as web-based training modules, bringing educational tools and resources directly to agency customers at their desks to further assist them in resolving labor-management disputes.

Measure 2.1: The percentage of appropriate ULP cases in the OGC in which ADR services are offered.*		
FY 2017		***New measure beginning in FY 2017**
Target	**Result**	
100%	100%	
Data Source: CMS		
Target: Met.		

Measure 2.2: The percentage of ULP cases in the OGC in which an offer of ADR services is accepted by the parties that are partially or totally resolved.**					
****Renumbered measure beginning in FY 2017; previously Measure 2.1**					
FY 2013	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**	
Actual	**Actual**	**Actual**	**Actual**	**Target**	**Actual**
98%	98%	96%	98%	95%	100%
Data Source: CMS					
Target: Exceeded.					

Measure 2.3: The percentage of appropriate ULP cases in the OALJ in which Settlement-Judge Services are offered.*		
FY 2017		***New measure beginning in FY 2017**
Target	**Actual**	
90%	100%	
Data Source: CMS		
Target: Exceeded.		

Measure 2.4: The percentage of ULP cases in the OALJ in which an offer of Settlement-Judge services is accepted by the parties that are partially or totally resolved.**					
****Renumbered measure beginning in FY 2017; previously Measure 2.2**					
FY 2013	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**	
Actual	**Actual**	**Actual**	**Actual**	**Target**	**Actual**
78%	96%	87%	74%	85%	93%
Data Source: CMS					
Target: Exceeded.					

Measure 2.5: The percentage of representation cases in the OGC in which an offer of ADR services is accepted by the parties that are partially or totally resolved.**					
****Renumbered measure beginning in FY 2017; previously Measure 2.3**					
FY 2013	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**	
Actual	**Actual**	**Actual**	**Actual**	**Target**	**Actual**
100%	100%	96%	95%	95%	100%
Data Source: CMS					
Target: Exceeded.					

Measure 2.6: The percentage of appropriate arbitration cases in the Authority in which ADR services are offered.*			
FY 2016	**FY 2017**		***New measure beginning in FY 2016**
Actual	**Target**	**Actual**	
100%	100%	100%	
Data Source: CMS			
Target: Met.			

Measure 2.7: The percentage of arbitration cases in the Authority in which an offer of ADR services is accepted by the parties that are partially or totally resolved.					
FY 2013	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**	
Actual	**Actual**	**Actual**	**Actual**	**Target**	**Actual**
100%	80%	43%	79%	75%	80%
Data Source: CMS					
Target: Exceeded.					

Measure 2.8: The percentage of appropriate negotiability cases in the Authority in which ADR services are offered.*			
FY 2016	**FY 2017**		***New measure beginning in FY 2016**
Target	**Target**	**Actual**	
100%	100%	100%	
Data Source: CMS			
Target: Met			

Measure 2.9: The percentage of proposals or provisions – in negotiability cases in which an offer of ADR services is accepted by the parties – that are partially or totally resolved.		
FY 2013	**FY 2014**	**FY 2015**
Actual	**Actual**	**Actual**
100%	100%	100%

Measure 2.9: The percentage of negotiability cases in which ADR services are provided that are partially or totally resolved.*			
FY 2016	**FY 2017**		***New measure beginning in FY 2016**
Actual	**Target**	**Actual**	
100%	90%	100%	
Data Source: CMS			
Target: Met.			

Measure 2.10: The percentage of bargaining-impasse cases in which an offer of ADR services is accepted by the parties that are partially or totally resolved.		
FY 2013	**FY 2014**	**FY 2015**
Actual	**Actual**	**Actual**
28%	27%	39%

Measure 2.10: The percentage of bargaining-impasse cases in which parties' disputes are totally resolved voluntarily.*			
FY 2016	**FY 2017**		***New measure beginning in FY 2016**
Actual	**Target**	**Actual**	
27%	30%	30%	
Data Source: CMS			
Target: Met.			

STRATEGIC GOAL 3: WE WILL MANAGE OUR RESOURCES EFFECTIVELY AND EFFICIENTLY IN ORDER TO ACHIEVE ORGANIZATIONAL EXCELLENCE

The FLRA's ability to fulfill its core mission under the Statute depends on excellent management of the organization and its resources. The organizational-excellence goal emphasizes how the agency's employees, IT infrastructure, and allocation of resources are central to achieving all of the strategic goals and objectives outlined in the strategic plan.

The landscape of the federal workplace and workforce continues to evolve, as do the needs of the parties that the FLRA serves. Approximately 30 percent of the FLRA's workforce has been with the agency for five years or less. Many of the agency's most experienced employees are currently eligible to retire, and 30 percent of the workforce is eligible to retire in the next 5 years. In light of these facts, it is crucial for the FLRA to simultaneously focus on developing the workforce of the future, while retaining valuable institutional knowledge.

The agency is prepared to meet ever-changing business demands through the innovative use of IT to best manage the workload and interact with parties. The FLRA continues to be an effective steward of taxpayer dollars, with a renewed focus on maximizing the use of data to inform decision making. The agency's future operational approaches are designed to foster nimble and seamless deployment of resources coupled with cost-avoidance strategies to support productive labor-management relations across the federal government. And, consistent with the PMA, the FLRA has a comprehensive, forward-looking plan to increase quality and value in its administrative functions, continue efforts to enhance productivity and achieve cost savings, unlock the full potential of its workforce, and build the FLRA's workplace and workforce for the future.

PERFORMANCE GOAL 1: RECRUIT, RETAIN, AND DEVELOP A HIGHLY TALENTED, MOTIVATED, AND DIVERSE WORKFORCE TO ACCOMPLISH THE FLRA'S MISSION.

Over the last eight years, the FLRA has demonstrated significant and marked improvement in its performance and service delivery, and it has continued to rank among the top ten small agencies in the *Best Places to Work in the Federal Government Survey*. These results demonstrate the agency's commitment to empowering and developing a highly engaged and effective workforce. The success of FLRA employees is instrumental to its success as an agency. It is within this spirit that the FLRA actively manages its human-capital programs.

Measure 1.1: Program managers ensure that the right employees are in the right place to achieve results.		
FY 2013	**Actual**	Implemented a web-based T&A system to increase efficiency and accuracy of reporting. Obtained provisional certification of the FLRA's SES Performance-Management System from OPM. Established an ADR process for resolving performance-management issues. As part of its strategic workforce planning efforts, continued employee development, including attorney details to other offices; ADR-facilitator training; and leadership-development and other workforce training. Established a Student Pathways Policy for student internships and partnered with the University of Maryland's Federal Semester Program to offer unpaid internships to students.
FY 2014	**Actual**	Focused on succession planning by increasing targeted attorney recruitment. Renewed agreement with the University of Maryland for discounted tuition for agency employees. Increased agency resources through recruitment, staffing, and placement. Utilized the Student Pathways and Summer Externship programs to increase resources for casework and administrative initiatives throughout the agency. Realigned functions within the agency's Office of the Executive Director to allow for improved efficiencies and customer service to agency employees. Worked extensively with managers to hold employees accountable for performance and development. Updated Attorney Recruitment Policy in order to allow managers greater hiring flexibility of the agency's mission-critical occupation and to streamline the recruitment process. In collaboration with the Partnership for Public Service's Excellence in Government Fellows program, developed and piloted an Employee Onboarding Handbook to improve the onboarding process and increase employee engagement.
FY 2015	**Actual**	Implemented a fully automated and integrated electronic system for personnel actions. Developed a more robust onboarding process through increased use of technology and piloted implementation of an Employee Onboarding Handbook. Updated

		certain human-resources policies and procedures. Continued to build internal capacity for handling the major human-resources functional areas. Position descriptions continued to be updated and now allow for greater growth and advancement opportunities within the agency, and employees readily volunteered for collateral-duty assignments, new initiatives, and projects. The agency also renewed its agreement with a local university to offer discounted tuition to FLRA employees for self-directed study. Improved office customer service by improving the quality of advice provided to managers and employees. Worked with managers to educate them about and increase diversity and inclusion when seeking new agency talent. The agency achieved greater diversity in its workforce in FY 2015 by increasing strategic and targeted recruitment and posting job opportunities with career-planning and placement services, local colleges and universities, and professional affinity-group organizations. With respect to succession planning, the FLRA continued to offer cross-component developmental details and its training initiative designed to assist higher-graded employees identify and strengthen critical leadership skills in preparation for eventually transitioning to formal leadership positions. To strengthen and support the FLRA's new cadre of first-time managers and supervisors, the agency identified a series of trainings geared towards developing strategic thinking and other critical skills in preparation for executive leadership at the FLRA. These training initiatives crossed components, bringing together future agency leaders from all offices to enhance their skills and encourage collaboration among peers.
Measure 1.1: Demonstrate strong recruitment and retention practices.*		
		***New measure beginning in FY 2016**
FY 2016	**Actual**	Strengthened diversity and inclusion recruitment efforts by, among other things, establishing and implementing a process for sharing job announcements with relevant affinity groups. Continued to enhance strategic and targeted recruitment by posting job opportunities with career-planning and placement services, local colleges and universities, and professional affinity-group organizations. Used data to help identify and eliminate barriers to recruiting and hiring the diverse talent that it needs. Worked to strengthen operational offices by seeking feedback through semi-annual and point-of-service surveys. Continued efforts to revise and implement a robust agency-wide onboarding program, which will include briefings and continuing educational opportunities for employees to strengthen their FLRA knowledge.

		Strengthened recognition and promotion of cultural-based celebrations, establishing an employee-driven initiative to develop and promote events and activities. Targeted efforts to educate managers about, and increase diversity and inclusion when, seeking new agency talent, and continued efforts to train agency staff at all levels on key diversity and inclusion issues. Revised manager performance plans to include diversity-and- inclusion-focused metrics. Recognized with #1 small-agency ranking in terms of the "New IQ" Index, which provides insights into employee perceptions of the inclusiveness of the agency by looking at twenty questions that measure the five "Habits of Inclusion" – Fair, Open, Cooperative, Supportive, and Empowering. The FLRA was the top-ranking small-agency for *each* of the five habits of inclusion, with scores averaging 15 percent – and as much as 21 percent – higher than the average scores for all small agencies. And in the 2015 Best Places to Work in the Federal Government rankings, the FLRA was ranked #2 out of 28 small agencies in its support for diversity.
FY 2017	**Target**	Provide staff with developmental opportunities. Align the agency-wide Performance Year (July 1 - June 30) with the Fiscal Year. Conduct an agency-wide review of all agency electronic Official Personnel Folders (eOPFs) to: ensure proper retirement coverage (CSRS or FERS); verify the accuracy of service computation dates (SCDs) for both leave and retirement purposes; and examine all folders for missing or undocumented prior service. Conduct an agency-wide review of every agency position description (PD) to ensure that all PDs reflect actual duties and that accompanying cover sheets are accurate.
	Actual	Continued to develop capacity for shared administrative staff across several offices by utilizing administrative staff within the Authority Component – particularly those who are in "confidential" positions to agency leadership – to provide administrative assistance to the HR, Budget & Finance, and Equal Employment Opportunity (EEO) Offices, which perform sensitive work. Not only does this provide administrative staff with a developmental opportunity, but it also allows for greater flexibility, relieves high-graded managerial staff from having to perform lower-graded administrative tasks, and avoids the need to hire additional FTEs when workloads increase within the component. Aligned the agency-wide Performance Year (previously July 1 -

		June 30) with the Fiscal Year. This alignment directly links every employee's individual performance to the FLRA's overall strategic and performance goals, as well as to the agency's annual budget and funding requests. It will provide a more accurate measurement of each employee's contribution towards achievement of agency-wide performance goals, greater accountability, and better data regarding resource needs. Conducted an agency-wide review of all agency electronic Official Personnel Folders (eOPFs) to: ensure proper retirement coverage (CSRS or FERS); verify the accuracy of service computation dates (SCDs) for both leave and retirement purposes; and examine all folders for missing or undocumented prior service. Conducted an agency-wide review of every agency position description (PD) to ensure that all PDs reflect actual duties and that accompanying cover sheets are accurate, and revised PDs that needed revision or that were very dated, which has been particularly critical in conducting "need-to-fill" evaluations and drafting recent vacancy announcements.
Data Source: FLRA Human Resources Division		
Target: Met.		

Measure 1.2: Maintain and grow agency expertise through employee development.*		
		***New measure beginning in FY 2016**
FY 2016	**Actual**	Successfully implemented numerous cross-component developmental opportunities for employees, including workgroups to encourage innovation, the development and delivery of training, and more than ten detail opportunities at all levels and offices within the agency. Continued a robust training initiative focusing on leadership and skills development. Addressed temporary mission needs, maximized Student Pathways and student-internship programs, and utilized developmental details within the existing workforce. Provided all new managers and supervisors with leadership-training opportunities, and implemented ongoing executive-training plans aimed at developing executive-level talent among the FLRA's existing workforce. Continued its overall success and improvement as measured by the FEVS, leaving no doubt that the FLRA continues to have a

		highly engaged workforce that is dedicated to the accomplishment of its mission. The results of the survey reflected the agency's continuous growth in overall employee satisfaction, as demonstrated by the FLRA ranking as the #1 small agency in two important indices – Employee Engagement and New IQ – and the increase in 2016 positive ratings in 19 items from 2015. In addition, the FLRA had 66 identified strengths (items with 65 percent or higher positive ratings) and no identified challenges (items with 35 percent or higher negative ratings). And the agency's scores were above the government-wide average in 69 out of 71 questions. Of particular note was that: 97 percent of FLRA respondents reported that they were held accountable for achieving results; 96 percent positively rated the overall quality of the work done by their work unit; 96 percent indicated that they are willing to put in extra effort to get a job done; 94 percent knew how their work related to the agency's goals and priorities; 94 percent thought that the people they worked with cooperated to get the job done; 94 percent believed that the agency was successful at accomplishing its mission; 93 percent found that the workforce had the job-relevant knowledge and skills necessary to accomplish organizational goals; 92 percent indicated that their supervisors regularly communicated with them about their performance; and 91 percent stated that employees in their work unit shared job knowledge with each other. Moreover, the agency maintained its sustained growth of positive responses to the question "supervisors in my work unit support employee development" – increasing by nearly 9.5 percent over 2015.
FY 2017	**Target**	Provide staff with developmental opportunities. Managers will assess all employees on their developmental needs and provide at least one targeted developmental opportunity to each of their staff members per year. Maintain sustained growth of positive responses to the OPM FEVS question "supervisors in my work unit support employee development" (Q. 47).
	Actual	Continued to develop capacity for shared administrative staff across several offices by utilizing administrative staff within the Authority Component – particularly those who are in "confidential" positions to agency leadership – to provide administrative assistance to the HR, Budget & Finance, and Equal Employment Opportunity (EEO) Offices, which perform sensitive work. Not only does this provide administrative staff with a developmental opportunity, but it also allows for greater flexibility, relieves high-graded managerial staff from having to perform lower-graded administrative tasks, and avoids the need to

		hire additional FTEs when workloads increase within the component. Most managers assessed all of their employees on their developmental needs and provided at least one targeted developmental opportunity to each. Training budgets for every office were reduced by 25 percent in FY 2017, so there was a reduced ability to procure outside training. This resulted in managers finding in-house opportunities to help develop their employees through details (e.g., Acting Chief Information Officer), work groups (e.g., eFiling), and special projects (e.g., revising FLRA policies). In the 2017 FEVS, 78 percent of FLRA employees responded positively to the OPM FEVS question "supervisors in my work unit support employee development" (Q. 47). Although this represents a 6 percent decrease from 2016, it is nonetheless 5 percent above the small-agency score of 73 percent, and 10 percent above the Government-wide score of 68 percent. In FY 2017, the FLRA continued its overall success as measured by the Federal Employee Viewpoint Survey (FEVS), leaving no doubt that the FLRA's investments in the recruitment, retention, and skills and leadership development of its employees continues to produce a highly engaged workforce that is dedicated to the accomplishment of its mission. The results of the 2017 survey reflect that the FLRA has 55 identified strengths (items with 65 percent or higher positive ratings) and no identified challenges (items with 35 percent or higher negative ratings). Compared to 2016, the FLRA increased its positive ratings for 15 questions, experienced no change in its positive ratings for 4 questions, and decreased its positive ratings for 52 questions. The agency outperformed the Government-wide average in 70 out of 71 questions. And the FLRA continues to rank in the top ten among small agencies (those with 100-999 employees) in two important indices – Employee Engagement and New IQ – with #6 and #5 rankings, respectively. With an Employee Engagement Index score of 77 percent and a New IQ Index score of 71 percent, the FLRA exceeds the Government-wide average for each index, as well as for every sub-category of each index. In addition, the FLRA's Global Satisfaction index score of 72 percent – well above the Government-wide average of 64 percent – is a positive indicator of employees' overall workplace satisfaction. As to the agency's 55 identified strengths, of particular note is that: 99 percent of FLRA respondents indicate that they are

		willing to put in extra effort to get a job done; 98 percent positively rate the overall quality of work done by their work unit; 97 percent report that they are held accountable for achieving results; 95 percent know how their work relates to the agency's goals and priorities; and 92 percent say that they are constantly looking for ways to do their jobs better. These results show that employees understand the FLRA's mission, understand their role in achieving it, and see themselves as an integral part of achieving agency-wide success. In addition to its top-ten rankings in the Employee Engagement and New IQ Indexes and increased ratings in 15 questions, FLRA employees also identified areas for improvement. These areas include opportunities for advancement, meaningful recognition of differences in performance, encouragement of creativity and innovation, availability of resources to get their jobs done, and communication from management about what's going on in the agency.
Data Source: FLRA Human Resources Division		
Target: Substantially met.		

PERFORMANCE GOAL 2: IMPROVE USE OF EXISTING TECHNOLOGY AND DEPLOY NEW IT SYSTEMS TO STREAMLINE AND ENHANCE ORGANIZATIONAL OPERATIONS.

The FLRA began accepting eFilings in FY 2013, and, as of FY 2015, eFiling is available for all FLRA offices that receive case filings. The FLRA is continuing to work towards implementing the agency's long-term goal of sharing end-to-end electronic case files throughout the FLRA, as well as the OMB-mandated target of having fully electronic files by 2019. Increasing eFiling is critical to achieving this goal. In this regard, the more case-related information that the FLRA receives electronically – rather than in hard copy – from the outset, the easier it is to convert that information into an electronic case file, without the need for FLRA staff to manually scan documents. In recognition of this, in FY 2015, the agency developed and launched a five-year plan to accomplish the transition to fully electronic case files in agile phases.

Measure 2.1: Expand the use of eFiling.		
FY 2013	**Actual**	10 percent of cases eFiled.
FY 2014	**Actual**	12 percent of cases eFiled.
FY 2015	**Actual**	17 percent of cases eFiled.
FY 2016	**Actual**	22 percent of cases eFiled.
FY 2017	**Target**	65 percent of cases eFiled.
	Actual	35 percent of cases eFiled.
Data Source: CMS		
Target: Not Met. Although the FLRA did not meet its FY 2017 performance target as an agency, 58 percent of Authority cases, 30 percent of OGC cases, 62 percent of FSIP cases, and 100 percent of OALJ cases were filed electronically in FY 2017. This represents significant progress in the agency's long-term eFiling and electronic-case-file efforts.		

Measure 2.2: Electronic end-to-end case processing.		
FY 2013	**Actual**	Conducted a pilot program on end-to-end case processing.
FY 2014	**Actual**	Migrated the CADRO to an end-to-end electronic case file.
FY 2015	**Actual**	Made eFiling available for OALJ cases, resulting in eFiling being available for all offices that accept case filings. As a result, completed full integration of the CMS and eFiling systems, enabling end-to-end electronic case processing throughout the agency.
FY 2016	**Actual**	With the full completion of the eFiling objective, the CMS has the structure in place to receive and store electronically filed cases. The applications have been merged, creating bridges between the two systems, to support end-to-end electronic case-processing capability. The FLRA neared completion of improving the eFiling user interface, which builds upon the existing system, making the eFiling system more user-friendly and intuitive. And efforts are underway to implement a Document Management System (DMS). This effort will span into FY 2017, and it is a critical step in accomplishing the FLRA's multi-year electronic-case-file plan.
FY 2017	**Target**	Incorporating internal and external customer feedback, complete implementation of improvements to the eFiling user interface (eFiling 3.0) in order to increase use of eFiling. Lay the foundation for modernizing the infrastructure for the agency's electronic CMS and eFiling by transitioning to a new backend product that will allow for a more user friendly and complete integration of the CMS, the eFiling system, and the DMS. Complete the initial deployment of an agency-wide, cloud-based DMS, replacing the current network shares with an integrated document and email communications system that will facilitate

		document sharing and electronic case-processing initiatives.
	Actual	Incorporating internal and external customer feedback, adopting "agile" development efforts, and utilizing open-source code, completed development of a brand new, user-friendly eFiling application with a Ruby on Rails user interface and a Postgres backend database that is housed in Amazon Web Services – a cloud-based solution. Final testing and additional enhancements that were not anticipated until later in FY 2018 are currently being completed, and eFiling 3.0 will launch to the public in the 1st quarter of FY 2018. It is anticipated to dramatically increase the number of FLRA cases filed electronically. Laid the foundation for modernizing the infrastructure for the agency's electronic CMS and eFiling by transitioning to a new backend product – Postgres database housed in Amazon Web Services – that will allow for a more user friendly and complete integration of the CMS, the eFiling system, and the DMS. Deployed an agency-wide, cloud-based DMS, which replaced the existing network shares with an integrated document and email communications system that will facilitate document sharing and electronic case-processing initiatives.
Data Source: FLRA Information Resources Management Division		
Target: Met.		

VERIFICATION AND VALIDATION OF PERFORMANCE DATA

The CMS is used by FLRA offices to track and manage caseload. Each office enters information on case filings into the CMS, and is accountable for quality control of the data entered into the system. Case-performance data verification and validation was performed using information from the CMS.

PRINCIPAL FINANCIAL STATEMENTS

MESSAGE FROM THE CHIEF FINANCIAL OFFICER

The FLRA's FY 2017 Performance and Accountability Report reflects the correlation between the financial and programmatic aspects of the agency's work. The report bridges these two areas by presenting FLRA performance with the financial results of agency operations. The principal financial statements and notes that follow explain the FLRA's financial position as of September 30, 2017, and how the agency's financial resources were expended to achieve performance results. For the twelfth consecutive year, the FLRA has received an unqualified audit opinion on its financial statements. Along with the unqualified opinion, the report of independent auditors found no material weaknesses in the design and operation of the agency system of internal controls over financial reporting.

With FY 2018 expected to be another challenging year, we will continue to focus on identifying solutions to maintain our financial stability, ensure transparency and accountability, and maintain our high levels of mission performance and employee satisfaction and morale. We will also continue to work with the Administration and the Congress in seeking ways to strengthen and improve the agency's system for the administrative control of funds. We are confident that the FLRA's financial and performance data are complete, accurate, and reliable.

Patrick Pizzella
Acting Chairman and Chief Financial Officer
November 15, 2017

Federal Labor Relations Authority
BALANCE SHEET
(in dollars)

As of September 30, 2017 and 2016

	2017	**2016**
Assets:		
Intragovernmental:		
Fund balance with the Treasury (Note 2)	$4,981,468	$4,447,303
Accounts receivable (Note 3)	9,966	32,833
Prepaid expenses	5,429	0
Total intragovernmental	4,996,863	4,480,136
Accounts receivable, net (Note 3)	424	3,035
Property, equipment and software, net (Note 4)	187,819	312,839
Total Assets	**$5,185,106**	**$4,796,010**
Liabilities:		
Intragovernmental:		
Accounts payable	$298,123	$319,231
Accrued payroll and benefits	150,022	171,637
FECA unfunded (Note 5)	242,228	227,472
Total intragovernmental	690,373	718,340
Accounts payable	626,657	183,895
Unfunded leave (Note 5)	1,239,740	1,333,158
FECA actuarial liability (Note 5)	1,254,731	1,143,753
Accrued payroll and benefits	588,668	866,703
Other (Note 6)	0	55
Total Liabilities	**$4,400,169**	**$4,245,904**
Net Position:		
Unexpended appropriations – other funds	$3,333,392	$2,906,771
Cumulative results of operations – other funds	(2,548,456)	(2,356,665)
Total Net Position	**$784,936**	**$550,106**
Total Liabilities and Net Position	**$5,185,106**	**$4,796,010**

The accompanying notes are an integral part of these statements.
Totals may not add due to rounding.

Federal Labor Relations Authority
STATEMENT OF NET COST
(in dollars)

For the Years Ended September 30, 2017 and 2016

	2017	2016
Gross Program Costs:		
Authority:		
Intragovernmental costs	$5,802,070	$6,105,360
Public costs	8,801,998	8,510,513
Total program costs	14,604,068	14,615,873
Less: Earned revenue	(12,806)	(5,702)
Net Program Costs	**$14,591,262**	**$14,610,171**
Office of the General Counsel:		
Intragovernmental costs	$2,552,443	$2,557,394
Public costs	8,625,612	8,519,388
Total program costs	11,178,055	11,076,782
Less: Total earned revenue	(14,562)	(14,759)
Net Program Costs	**$11,163,493**	**$11,062,023**
Federal Service Impasses Panel:		
Intragovernmental costs	$187,956	$188,268
Public costs	676,661	779,173
Total program costs	864,617	967,441
Less: Total earned revenue	0	0
Net Program Costs	**$864,617**	**$967,441**
Total gross program costs	$26,646,741	$26,660,096
Less: Total earned revenue	(27,368)	(20,461)
Net Cost of Operations	**$26,619,373**	**$26,639,635**

The accompanying notes are an integral part of these statements.
Totals may not add due to rounding.

Federal Labor Relations Authority
STATEMENT OF CHANGES IN NET POSITION
(in dollars)

For the Years Ended September 30, 2017 and 2016

	2017	**2016**
Cumulative Results of Operations:		
Beginning balance	$(2,356,665)	$(2,198,225)
Budgetary financing sources:		
Appropriations used	25,566,251	25,274,176
Other financing sources (non-exchange):		
Imputed financing	861,331	1,207,019
FOIA collections	0	0
Total financing sources	26,427,582	26,481,195
Net cost of operations	(26,619,373)	(26,639,635)
Net change	(191,791)	(158,440)
Cumulative Results of Operations	**$(2,548,457)**	**$(2,356,665)**
Unexpended Appropriations:		
Beginning balance	$2,906,770	$2,321,811
Budgetary financing sources:		
Appropriations received	26,200,000	26,200,000
Other adjustments	(207,127)	(340,865)
Appropriations used	(25,566,250)	(25,274,175)
Total budgetary financing sources	426,622	584,960
Total Unexpended Appropriations	**$3,333,393**	**$2,906,771**
Net Position	**$784,936**	**$550,106**

The accompanying notes are an integral part of these statements.
Totals may not add due to rounding.

Federal Labor Relations Authority
STATEMENT OF BUDGETARY RESOURCES
(in dollars)

For the Years Ended September 30, 2017 and 2016

	2017	2016
Budgetary Resources:		
Unobligated balance, brought forward, October 1	$1,314,392	$1,643,525
Recoveries of prior year unpaid obligations	122,663	30,471
Other changes in unobligated balance	(191,959)	(332,793)
Unobligated balance from prior year budget authority, net	1,245,096	1,341,203
Appropriation	26,200,000	26,200,000
Spending authority from offsetting collections	27,312	20,413
Total budgetary resources	**$27,472,408**	**$27,561,616**
Status of Budgetary Resources:		
New Obligations and upward adjustments (Note 10)	$26,218,588	$26,247,223
Unobligated balance, end of year:		
Apportioned, unexpired account	66,825	47,800
Expired unobligated	1,186,995	1,266,593
Total obligated balance, end of year	1,253,820	1,314,393
Total budgetary resources	**$27,472,408**	**$27,561,616**
Change in Obligated Balance:		
Unpaid obligations:		
Unpaid obligations, brought forward, October 1	$3,133,898	$1,839,457
Obligations incurred	26,218,588	26,247,223
Outlays (gross)	(25,492,210)	(24,922,310)
Recoveries of prior year unpaid obligations	(122,663)	(30,471)
Unpaid obligations, end of year	3,737,613	3,133,899
Uncollected payments:		
Uncollected payments, federal sources, brought forward, October 1	(989)	(3,100)
Change in uncollected payments, federal sources	(8,976)	2,110
Uncollected payments, federal sources, end of year	(9,965)	(990)
Memorandum (non-add) entries:		
Obligated balance, start of year	**$3,132,909**	**$1,836,357**
Obligated balance, end of year	**$3,727,648**	**$3,132,909**
Budget Authority and Outlays, Net:		
Budget authority, gross	$26,227,312	$26,220,413
Actual offsetting collections	(33,504)	(30,596)
Change in uncollected payments, federal sources	(8,976)	2,110
Recoveries of prior year paid obligations (discretionary and mandatory)	15,167	8,073
	$26,200,000	$26,200,000
Outlays, gross	25,492,210	24,922,310
Actual offsetting collections	(33,503)	(30,596)
Outlays, net (total)	25,458,707	24,891,714
Agency Outlays, Net	**$25,458,707**	**$24,891,714**

The accompanying notes are an integral part of these statements.
Totals may not add due to rounding.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: Significant Accounting Policies

(a) Reporting Entity – The FLRA is an independent administrative Federal agency created by Title VII of the Civil Service Reform Act of 1978, with a mission to carry out five statutory responsibilities: (1) determining the appropriateness of units for labor organization representation; (2) resolving complaints of unfair labor practices; (3) adjudicating exceptions to arbitrators' awards; (4) adjudicating legal issues relating to duty to bargain; and (5) resolving impasses during negotiations. The agency consists of three components: the Authority, the Office of the General Counsel, and the Federal Service Impasses Panel.

(b) Basis of Accounting and Presentation – The financial statements have been prepared to report the financial position, net cost of operations, changes in net position, and budgetary resources of the FLRA in accordance with the Chief Financial Officers Act of 1990, the Government Management Reform Act of 1994, and the Accountability of Tax Dollars Act of 2002. The statements have been prepared from agency financial records in accordance with U.S. Generally Accepted Accounting Principles (GAAP), in accordance with guidance issued by the Federal Accounting Standards Advisory Board (FASAB) and the OMB, as prescribed in OMB Circular A-136, *Financial Reporting Requirements*, and pursuant to the requirements of 31 U.S.C. § 3515(b). These financial statements include all funds and accounts under the control of the FLRA.

The accounting structure of Federal agencies is designed to reflect both accrual and budgetary accounting transactions. Under the accrual method of accounting, revenues are recognized when earned, and expenses are recognized when incurred, without regard to the receipt or payment of cash. The budgetary accounting principles, on the other hand, are designed to recognize the obligation of funds according to legal requirements, which in many cases occurs before an accrual-based transaction takes place. The recognition of budgetary accounting transactions is essential for compliance with legal constraints and controls over the use of Federal funds. The accompanying financial statements are prepared on the accrual basis of accounting.

(c) Budget Authority – The Congress passes appropriations annually that provide the FLRA with authority to obligate funds for necessary salaries and expenses to carry out mandated program activities. These funds are available until expended, subject to OMB apportionment and to Congressional restrictions on the expenditure of funds. Also, the FLRA places internal restrictions on fund expenditures to ensure the efficient and proper use of all funds.

(d) Fund Balance with the Treasury – FLRA receipts and disbursements are processed by the Department of the Treasury. Fund balances with the Treasury consist of appropriated funds that are available to pay current liabilities and to finance authorized purchase commitments. No cash is held in commercial bank accounts.

(e) Accounts Receivable – Accounts receivable consists of amounts owed to the FLRA by other federal agencies and the public. Amounts due from federal agencies are considered fully collectible and consist of interagency agreements. An allowance for uncollectible accounts receivable from the public is established when either: (1) management determines that collection is unlikely to occur after a review of outstanding accounts and the failure of all collection efforts; or (2) an account for which no allowance has been established is submitted to the Treasury for collection, which occurs when it becomes 120 days delinquent. Based on historical experience, all receivables are considered collectible and no allowance is provided.

(f) General Property and Equipment (P&E) **–** This category consists of equipment and internal use software. The basis for recording purchased P&E is full cost, including all costs incurred to bring FLRA P&E to and from a location suitable for its intended use. P&E is depreciated using the straight-line method over the estimated useful life of the asset. Statement of Federal Financial Accounting Standards (SFFAS) No. 10, Accounting for Internal Use Software, provides accounting standards for internal use software used by each agency. The standards provide for capitalized property to continue to be reported on the Balance Sheet. P&E that are not capitalized because they are under the capitalization threshold are expensed in the year of acquisition.

The FLRA's capitalization threshold for individual purchases is $25,000. Bulk purchases of similar items that individually are worth less than $25,000, but collectively are worth more than $100,000, are also capitalized using the same general P&E categories and useful lives as capital acquisitions. Major building alterations and renovations are capitalized, while maintenance and repair costs are charged to expense as incurred.

General P&E Category	Service Life
Software	3 years
Computer equipment	5 years
Office equipment	7 years
Office furniture	15 years
Leasehold improvements	Life of lease

(g) Liabilities **–** Liabilities represent the amount of monies or other resources likely to be paid by the FLRA as a result of transactions or events that have already occurred. Liabilities are recognized when they are incurred, regardless of whether they are covered by available budgetary resources. The FLRA reports its liabilities under two categories – "Intragovernmental" and "With the Public." Intragovernmental liabilities represent funds owed to another government agency. Liabilities with the public represent funds owed to any entity or person that is not a federal agency, including private sector firms and federal employees. Each of these categories may include liabilities that are covered by budgetary resources and liabilities not covered by budgetary resources. 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, since there is no certainty that the appropriation will be enacted. Liabilities that are covered by budgetary resources consist of intragovernmental and public accounts payable and accrued funded payroll. Liabilities not covered by budgetary resources in FY 2016 and FY 2017 consist of accrued and actuarial Federal Employees Compensation Act (FECA) compensation and unfunded employee leave. The Federal government, acting in its sovereign capacity, can abrogate liabilities other than contracts.

(h) FECA Liabilities – An accrued FECA 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 reimburse the Department of Labor (DOL) two years after the actual payment of expenses. Future revenues are used for reimbursement to the DOL. The liability consists of: (1) the unreimbursed cost paid by the DOL for compensation to recipients under the FECA; and (2) the net present value of estimated future payments calculated by the DOL.

An estimated actuarial liability for future workers' compensation benefits is included. The liability estimate is based on the DOL's FECA actuarial model that takes the amount of benefit payments over the last twelve 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. The ratios may vary from year to year as a result of economic assumptions and other factors, but the model calculates a liability approximately twelve times the annual payments.

(i) Annual, Sick, and Other Leave – Amounts associated with the payment of annual leave are accrued while leave is being earned by employees, and this 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 appropriations are not available to finance annual leave, future financing sources will be used. 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 Civil Service Retirement System (CSRS)-covered employee is transferred to the Office of Personnel Management (OPM) upon the retirement of that individual. Federal Employees Retirement System (FERS)-covered employees were not entitled to use unused sick leave for additional service credit until October 28, 2009. For retirements effective between October 28, 2009, and December 31, 2013, 50 percent of unused sick leave can be used for additional service credit. For retirements effective after December 31, 2013, 100 percent of unused sick leave can be credited.

(j) Net Position – The components of net position are unexpended appropriations and cumulative results of operations. Unexpended appropriations include undelivered orders and unobligated balances. Undelivered orders reflect the amount of goods and services ordered that have yet to be actively or constructively received. Unobligated balances are the amount of appropriations or other authority remaining after deducting the cumulative obligations from the amount available for obligation. The cumulative results of operations represent the net results of operations since inception, the cumulative amount of prior-period adjustments, the remaining book value of capitalized assets, and future funding requirements.

(k) ***Retirement Plans*** **–** The FLRA's employees participate in the CSRS or the FERS. For CSRS employees hired before January 1, 1984, the FLRA withholds 7 percent of each employee's salary and contributes 7 percent of the employee's basic salary to the CSRS Retirement and Disability Fund. These employees may also contribute, on a tax-deferred basis, to a defined contribution plan – the Thrift Savings Plan (TSP). The regular Internal Revenue Service limit in FY 2016 and FY 2017 was $18,000. The FLRA is not required to and does not contribute any matching amounts for CSRS employees.

The FERS was established by enactment of Public Law 99-335. Pursuant to this law, the FERS and Social Security automatically cover most employees hired after December 31, 1983. Employees hired before January 1, 1984 elected either to join the FERS and Social Security or to remain in the CSRS. For FERS employees, the FLRA withholds 6.2 percent in old age survivors and disability insurance (OASDI) up to a specified wage ceiling and 0.8 percent of an employee's gross earnings for retirement. In FY 2017, the FLRA matched the retirement withholdings with a contribution equal to 13.7 percent of the employee's taxable salary. Due to enactment of the FERS Revised Annuity Employee and Further Revised Annuity Employee programs, the agency matched with a contribution equal to 11.9 percent for employees hired during and after calendar year 2013.

All employees are eligible to contribute to the TSP. For employees under the FERS, a TSP account is automatically established. The FLRA is required to make a mandatory contribution of 1 percent of the base salary for each employee under the FERS. The agency is required to match the employee's contribution up to a maximum of 5 percent of his or her salary. Matching contributions are not made to the TSP accounts established by CSRS employees. The 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, are the responsibility of the OPM.

FERS employees and certain CSRS reinstatement-eligible employees are eligible to participate in the Social Security program after retirement. CSRS employees who are 65 or older are eligible for Social Security payments (even if they have not retired). In these instances, the FLRA remits the employer's share of the required contribution.

(l) ***Imputed Financing from Costs Absorbed by Others*** **–** The FASAB's SFFAS No. 5, Accounting for Liabilities of the Federal Government, requires that employer agencies recognize the full cost of pension, health, and life insurance benefits during their employees' active years of service. OPM, as 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 Changes in Net Position and the Statement of Net Cost.

(m) ***Revenue and Other Financing Sources*** **–** The FLRA's revenues are derived from reimbursable work agreements, Freedom of Information Act collections, and a direct annual

appropriation. The FLRA recognizes reimbursable work when earned, i.e., services have been provided. Each reimbursable work agreement specifies the dollar value of the agreement and is based on estimated resources needed to perform the specified services.

The agency receives an annual Salaries and Expenses appropriation from the Congress. Annual appropriations are used, within statutory limits, for salaries and administrative expenses and for operating and capital expenditures for essential P&E. Appropriations are recognized as non-exchange revenues at the time the related program expenses are incurred. Appropriations expended for capitalized P&E are recognized as expenses when an asset is consumed in operations. The FLRA's annual appropriation for FY 2016 and FY 2017 was $26,200,000.

(n) Expired Accounts and Cancelled Authority **–** Unless otherwise specified by law, annual budget 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 an 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 that were not previously reported. At the end of the fifth expired year, the account is cancelled and any remaining money is returned to the Treasury.

(o) 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.

(p) Use of Estimates **–** The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. Actual results could differ from those estimates.

(q) Advances and Prepayments **–** Advance payments are generally prohibited by law. There are some exceptions, such as reimbursable work agreements, subscriptions, and payments to contractors and employees. Payments made in advance of the receipt of goods and services are recorded as advance payments and recognized as expenses when the related goods and services are received.

NOTE 2: Fund Balance with the Treasury

U.S. government cash is accounted for on an overall consolidated basis by the Treasury. The amounts shown on the Balance Sheet represent the FLRA's right to draw on the Treasury for valid expenditures. The fund balance as shown on the FLRA records is reconciled monthly with records from the Treasury. Fund Balance with Treasury account balances as of September 30, 2017 and 2016 were as follows (In Dollars):

Fund Balance with the Treasury		
As of September 30,	**2017**	**2016**
Appropriated Funds	$4,990,234	$4,448,237
Other Fund Types	(8,766)	(934)
Total	**$4,981,468**	**$4,447,303**

Status of Fund Balance with the Treasury		
As of September 30,	**2017**	**2016**
Unobligated balance available	$66,825	$47,800
Unobligated balance unavailable	1,186,996	1,266,593
Obligated balance not yet distributed	3,727,647	3,132,910
Total	**$4,981,468**	**$4,447,303**

No discrepancies exist between the Fund Balance reflected on the Balance Sheet and the balances in the Treasury accounts.

The available unobligated fund balances represent the current-period amount available for obligation or commitment. At the start of the next fiscal year, this amount will become part of the unavailable balance as described in the following paragraph.

The unavailable unobligated fund balances represent the amount of appropriations for which the period of availability for obligation has expired. These balances are available for upward adjustments of obligations incurred only during the period for which the appropriation was available for obligation or for paying claims attributable to the appropriations.

The obligated balance not yet disbursed includes accounts payable, accrued expenses, unfilled orders, and undelivered orders that have reduced unexpended appropriations but have not yet decreased the fund balance on hand.

NOTE 3: Accounts Receivable

The reported amount for accounts receivable consists of amounts owed to the FLRA by other Federal agencies (intragovernmental) and the public. There are no amounts that are deemed uncollectible as of September 30, 2017 and 2016. Accounts Receivable balances as of September 30, 2017 and 2016 were as follows (In Dollars):

Accounts Receivable		
	2017	2016
Intragovernmental	$9,966	$32,833
With the public	424	3,035
Total	**$10,390**	**$35,868**

NOTE 4: Property, Equipment, and Software – Net

Schedule of Property, Equipment, and Software as of September 30, 2017 (in Dollars):

Major Class	Acquisition Cost	Accumulated Amortization/ Depreciation	Net Book Value
Computer Equipment	$ 455,885	$ 286,579	$ 169,306
Office Equipment	202,231	202,231	-
Office Furniture	453,695	435,182	18,513
Total	$ 1,111,811	$ 923,992	$ 187,819

Schedule of Property, Equipment, and Software as of September 30, 2016 (in Dollars):

Major Class	Acquisition Cost	Accumulated Amortization/ Depreciation	Net Book Value
Computer Equipment	$ 455,885	$ 195,402	$ 260,483
Office Equipment	202,231	198,634	3,597
Office Furniture	453,695	404,936	48,759
Total	$ 1,111,811	$ 798,972	$ 312,839

NOTE 5: Liabilities Not Covered by Budgetary Resources

Unfunded FECA liabilities consist of workers' compensation claims payable to DOL, which will be funded in a future year, and an unfunded estimated liability for future workers' compensation claims based on data provided from the DOL. The actuarial calculation is based on benefit payments made over 12 quarters, and calculates the annual average of payments. For medical expenses and compensation, this average is then multiplied by the liability-to-benefit paid ratio for the whole FECA program.

Unfunded leave represents a liability for earned leave and is reduced when leave is taken. At the end of each month the balance in the unfunded leave account is adjusted to reflect the liability at current pay rates and leave balances. Unfunded leave is paid from future funding sources and, accordingly, is reflected as a liability not covered by budgetary resources. Sick and other leave is expensed as taken. All other liabilities are considered to be covered by budgetary resources.

Liabilities Not Covered by Budgetary Resources as of September 30, 2017, and September 30, 2016, consist of the following (in Dollars):

	2017	2016
Intragovernmental		
FECA Unfunded	$ 242,229	$ 227,472
Total Intragovernmental Liabilities	$ 242,229	$ 227,472
With the Public		
Unfunded Leave	$ 1,239,740	$ 1,333,158
FECA Actuarial Liability	1,254,731	1,143,753
Total Public Liabilities	$ 2,494,471	$ 2,476,911
Total Liabilities	$ 2,736,700	$ 2,704,383

NOTE 6: Other Liabilities

There were no other liabilities as of September 30, 2017.

Other liabilities as of September 30, 2016 consisted of the following (in Dollars):

	Current	Non-Current	2016 Total
With the Public			
Advances and Prepayments	$ 55	$ -	$ 55
Total Other Liabilities	$ 55	$ -	$ 55

NOTE 7: Leases

The FLRA has operating leases for rental of office space and equipment. As a Federal agency, the FLRA is not liable for any lease terms beyond one year.

(a) 1400 K Street NW, Washington, D.C. **–** The FLRA has an interagency agreement with the General Services Administration for office space at 1400 K Street NW, Washington, D.C. The term is for 87 months beginning on or about June 1, 2014. The FLRA has the right to terminate the lease based on the availability of funds or with a four-month notice at any point after the first twelve months of occupancy.

(b) 223 Peachtree Street NE, Atlanta, GA **–** The FLRA has an interagency agreement with the General Services Administration for office space at 223 Peachtree Street NE, Atlanta, GA. The term is for 120 months beginning on or about January 18, 2012. The FLRA has the right to terminate the lease based on the availability of funds or with a four-month notice at any point after the first twelve months of occupancy.

(c) ***10 Causeway Street, Boston, MA –*** The FLRA has an interagency agreement with the General Services Administration for office space at 10 Causeway Street, Boston, MA. The term is for 48 months beginning on or about May 15, 2016. The FLRA has the right to terminate the lease based on the availability of funds or with a four-month notice at any point after the first twelve months of occupancy.

(d) ***224 S. Michigan Avenue, Chicago, IL –*** The FLRA has an interagency agreement with the General Services Administration for office space at 224 S. Michigan Avenue, Suite 445, Chicago, IL. The term is for 120 months beginning on or about June 16, 2012. The FLRA has the right to terminate the lease based on the availability of funds or with a four-month notice at any point after the first twelve months of occupancy.

(e) ***525 Griffin Street, Dallas, TX –*** The FLRA has an interagency agreement with the General Services Administration for office space at 525 Griffin Street, Dallas, TX. The term is for 120 months beginning on or about October 1, 2007.[*] The FLRA has the right to terminate the lease based on the availability of funds or with a four-month notice at any point after the first twelve months of occupancy.

(f) ***1244 Speer Boulevard, Denver, CO –*** The FLRA has an interagency agreement with the General Services Administration for office space at 1244 Speer Boulevard, Denver, CO. The term is for 57 months beginning on or about July 1, 2013. FLRA has the right to terminate the lease based on the availability of funds or with a four month notice at any point after the first twelve months of occupancy.

(g) ***901 Market Street, San Francisco, CA –*** The FLRA has an interagency agreement with the General Services Administration for office space at 901 Market Street, San Francisco, CA. The term is for 120 months beginning on or about August 1, 2011. FLRA has the right to terminate the lease based on the availability of funds or with a four month notice at any point after the first twelve months of occupancy.

NOTE 8: Commitments and Contingencies

The FLRA is, at times, 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 any proceedings, actions, and claims will not materially affect the financial position or the results of operations of the FLRA. The agency examined its FY 2012 obligations prior to cancellation, and it believes that it does not have any outstanding commitments or contingencies that will require future resources to liquidate.

[*] This lease expired on September 30, 2017.

NOTE 9: Intragovernmental Costs and Exchange Revenue

The classification of revenue or cost as "intragovernmental" or "with the public" is determined on a transaction by transaction basis. Preceding transactions in the lifecycle of a product will not have an impact on subsequent transactions. If the FLRA purchases goods or services from another Federal entity, capitalizes them into inventory, and later resells them to the public, the cost of the original purchase of resale assets from the other Federal entity will be classified as "intragovernmental" at the time of the purchase. At ultimate sale to the end user, the resulting cost of goods will be classified as "with the public." The purpose of this classification is to enable the Federal government to provide consolidated financial statements, and not to match public and intragovernmental revenue with costs that are incurred to produce public and intragovernmental revenue.

NOTE 10: Apportionment Categories of Obligations Incurred

All obligations incurred are characterized as Category A, quarterly apportioned, on the Statement of Budgetary Resources. Obligations incurred and reported in the Statement of Budgetary Resources in fiscal years 2017 and 2016 consisted of the following:

	2017	2016
Direct Obligations, Category A	$ 26,191,275	$ 26,226,706
Reimbursable Obligations, Category A	$ 27,313	$ 20,517
Total Obligations Incurred	$ 26,218,588	$ 26,247,223

NOTE 11: Undelivered Orders at the End of the Period

The amount of budgetary resources obligated for undelivered orders at the end of September 30, 2017 and 2016 was $ 2,079,573 and $ 1,592,434, respectively.

NOTE 12: Explanation of Differences between the Statement of Budgetary Resources and the Budget of the U.S. Government

SFFAS No. 7, Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting, calls for explanation of material differences between amounts reported in the Statement of Budgetary Resources and the actual balances published in the Budget of the U.S. Government (the President's Budget). The FY 2018 President's Budget, with actual amounts for FY 2016, has been reconciled to the Statement of Budgetary Resources. The FY 2019 President's Budget, with actual amounts for FY 2017, will not be published until February 2018.

NOTE 13: Incidental Custodial Collections

Custodial collections are reflected in Fund Balance with Treasury during the year. While these collections are considered custodial, they are neither primary to the mission of the agency nor material to the overall financial statements. FLRA's custodial collections are $1 for the year ended September 30, 2017, and $4,787 for the year ended September 30, 2016. Custodial collections are transferred to the Treasury General Fund on September 30 and are not reflected in the financial statements of the Agency.

NOTE 14: Reconciliation of Net Cost of Operations to Budget

Details of the relationship between budgetary resources obligated and the net costs of operations for the fiscal years ended September 30, 2017, and September 30, 2016, are shown in the following table:

	2017	2016
Resources Used to Finance Activities:		
Budgetary Resources Obligated		
Obligations Incurred	$ 26,218,588	$ 26,247,223
Spending Authority From Offsetting Collections and Recoveries	(165,143)	(58,956)
Net Obligations	26,053,445	26,188,267
Other Resources		
Imputed Financing From Costs Absorbed By Others	861,331	1,207,019
Total Resources Used to Finance Activities	$ 26,914,776	$ 27,395,286
Resources Used to Finance Items Not Part of the Net Cost of Operations:		
Change In Budgetary Resources Obligated For Goods, Services and Benefits Ordered But Not Yet Provided	$ (487,195)	$ (914,091)
Resources That Fund Expenses Recognized In Prior Periods	(61,346)	(41,077)
Total Resources Used to Finance Items Not Part of Net Cost of Operations	(548,541)	(955,168)
Total Resources Used to Finance the Net Cost of Operations	$ 26,366,235	$ 26,440,118
Components of the Net Cost of Operations That Will Not Require or Generate Resources in the Current Period:		
Components Requiring or Generating Resources in Future Periods		
Other	$ 125,735	$ 82,621
Components Not Requiring or Generating Resources		
Depreciation and Amortization	125,021	135,806
Other	2,382	(18,910)
Total Components of Net Cost of Operations That Will Not Require or Generate Resources	127,403	116,896
Total Components of Net Cost of Operations That Will Not Require or Generate Resources In The Current Period	$ 253,138	$ 199,517
Net Cost of Operations	$ 26,619,373	$ 26,639,635

DEMBO·JONES
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

Report of Independent Auditors

To Acting Chairman Pizzella
Federal Labor Relations Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the Federal Labor Relations Authority (FLRA), which comprise the balance sheet as of September 30, 2017 and 2016, and the related statements of net cost, changes in net position, and budgetary resources, for the years then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the U.S. Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 17-03, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 17-03 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the agency's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the agency's internal control. Accordingly, we do not express such an opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Opinion on Financial Statements

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the FLRA as of September 30, 2017 and 2016, and its net costs; changes in net position; and budgetary resources for the years then ended in accordance with U.S. generally accepted accounting principles.

Consideration of Internal Control

In planning and performing our audit, we considered the FLRA's internal control over financial reporting as a basis for designing our auditing procedures and to comply with the OMB audit guidance for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on internal control and compliance or on management's assertion on internal control included in Management's Discussion and Analysis (MD&A). Accordingly, we do not express an opinion on internal control over financial reporting and compliance or on management's assertion on the effectiveness of the entity's internal control over financial reporting or on management's assertion on internal control included in the MD&A.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses or significant deficiencies, as defined below.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

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

We noted other non-reportable matters involving internal control and its operation that we will communicate in a separate management letter to FLRA management.

Compliance With Laws and Regulations

As part of obtaining reasonable assurance about whether the FLRA financial statements are free from material misstatement, we also performed tests of its compliance with certain provisions of laws and regulations for Fiscal Year 2017. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests of compliance disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Consistency of Other Information

The information in the MD&A is not a required part of the financial statements, but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of this information. However, we did not audit this information and, accordingly, we express no opinion on it.

The information in the Acting Chairman's Message, Performance Section, and Other Accompanying Information is presented for purposes of additional analysis and is not required as part of the financial statements. This information has not been subjected to auditing procedures and, accordingly, we express no opinion on it.

Dembo Jones, P.C.

Rockville, Maryland
November 15, 2017

OTHER ACCOMPANYING INFORMATION

SUMMARY OF FINANCIAL STATEMENT AUDIT

Audit Opinion:	Unqualified				
Restatement:	No				
	Beginning Balance	**New**	**Resolved**	**Consolidated**	**Ending Balance**
Material weaknesses	0	0	0	0	0

SUMMARY OF MANAGEMENT ASSURANCES

Effectiveness of Internal Control over Financial Reporting (FMFIA § 2)						
Statement of Assurance:	Unqualified					
	Beginning Balance	**New**	**Resolved**	**Consolidated**	**Reassessed**	**Ending Balance**
Material weaknesses	0	0	0	0	0	0
Effectiveness of Internal Control over Operations (FMFIA § 2)						
Statement of Assurance:	Unqualified					
	Beginning Balance	**New**	**Resolved**	**Consolidated**	**Reassessed**	**Ending Balance**
Material weaknesses	0	0	0	0	0	0
Conformance with Financial Management System Requirements (FMFIA § 4)						
Statement of Assurance:	Systems conform					
	Beginning Balance	**New**	**Resolved**	**Consolidated**	**Reassessed**	**Ending Balance**
Non-conformances	0	0	0	0	0	0

INSPECTOR GENERAL

UNITED STATES OF AMERICA
FEDERAL LABOR RELATIONS AUTHORITY
WASHINGTON, D.C. 20424-0001

MEMORANDUM

DATE: October 4, 2017

TO: Patrick Pizzella
Acting Chairman

Ernest DuBester
Member

FROM: Dana Rooney DR
Inspector General

SUBJECT: Top Management and Performance Challenges Facing the Federal Labor Relations Authority

This memorandum transmits the top management and performance challenges facing the Federal Labor Relations Authority (FLRA) as identified by the Office of Inspector General.

The FLRA is required to prepare an annual "Performance and Accountability Report" (PAR) which must be submitted to the President, the Office of Management and Budget, and to appropriate committees and subcommittees of Congress. The *Reports Consolidation Act of 2000*[1] requires our office to prepare an annual statement that summarizes what we consider to be the "most serious management and performance challenges facing the agency." This statement should be included in the FLRA's PAR or Agency Financial Report for Fiscal Year 2017.

Accordingly, the attached document summarizes what we consider to be the most serious management and performance challenges facing the FLRA, and assesses management's progress in addressing them. FLRA has made progress with respect to the management challenge Information Technology Security Needs Continuing Improvement by addressing its privacy weaknesses. Due to prior outstanding recommendations and weaknesses related to the Federal Information Security Modernization Act of 2014, we continue to report the management challenge. This year, we retained all three management challenges from last year's list. These management challenges include: (1) Information Technology Security Needs Continuing Improvement; (2) Proper Handling of Records; and (3) Closure of Open Recommendations Outstanding for More Than 1 Year.

[1] Public Law 106-531

We provided our draft challenges report to FLRA and considered all comments received. In closing, we would like to express appreciation to you and the Acting Executive Director for continuing to support our work and your commitment to excellence at FLRA. We look forward to working with the FLRA to continually improve the FLRA's efforts to address these important challenges.

Attachment

cc: Michael Jeffries, Acting Executive Director
Gregory Mister, Director Budget and Finance

Information Technology Security Needs Continuing Improvement

Safeguarding Federal computer systems and electronic data has been a long standing challenge for all Federal agencies including the Federal Labor Relations Authority (FLRA). Since 1997, the Government Accountability Office (GAO) has identified the security of Federal cyber assets on its High-Risk List. Further, in 2003 GAO added protection of critical cyber infrastructure and in 2015, added the privacy of personally identifiable information[1].

The FLRA depends on its systems and data to carry out its mission. These systems are at risk and the FLRA must remain vigilant in establishing a control environment to continuously monitor potential Information Technology (IT) risks, threats, vulnerabilities, mitigation and implementation plans.

The 2016 Management Challenge for IT security included the Privacy Program and Information Security because of weaknesses identified in a review of FLRA's privacy and data security policies, procedures and practices. In May 2017, the Office of Inspector General (OIG) reviewed FLRA's Privacy and Data Protection program and closed the single remaining finding and no new weaknesses were identified. Therefore, the OIG removed the Privacy Program leaving the IT challenge open.

For the last several years, the OIG's annual Federal Information Security Modernization Act of 2014 (FISMA) review has identified repeated weaknesses in IT. The FLRA provided corrective action plans in response to the OIG recommendations. In our 2017 FISMA review we plan to evaluate the IT deficiencies and actions taken to correct the system weaknesses.

Information Security

Since the passage of the FISMA, the OIG has annually reviewed the FLRA's information security program. The FISMA requires the FLRA OIG to prepare a report summarizing the review findings and submit it to the Office of Management and Budget (OMB). The October 2016 FISMA review reported five prior year recommendations. There were no new recommendations included in the Fiscal Year (FY) 2016 FISMA Report. Of the five prior year open FISMA recommendations, three were from the FY 2015 report and two were from the FY 2014 report.

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[1] See http://www.gao.gov/highrisk/ensuring_the_security_federal_government_information_systems/why_did_study

Progress in Addressing the Challenge

The FLRA has reported in its Plan of Action and Milestones that it will resolve the remaining FISMA findings in 2017. The impact of this effort will be assessed during the FY 2017 FISMA review.

What Needs to Be Done

FLRA should continue to address and resolve FISMA weaknesses identified by the OIG. Although the FLRA has addressed weaknesses in its Privacy Program, the agency must be diligent in continuing to monitor and assess its information security to ensure proper IT security controls are in place. The OIG plans to reassess FLRA's Privacy Program in 2019.

Key OIG Resources

- OIG Report, Evaluation of the Federal Labor Relations Authority Compliance with the Federal Information Security Management Act Fiscal Year 2016 (ER-17-01) October 27, 2016
- OIG Report, Evaluation of the Federal Labor Relations Authority Compliance with the Federal Information Security Management Act Fiscal Year 2015 (ER-16-01), November 9, 2015
- OIG Report, Evaluation of the Federal Labor Relations Authority Compliance with the Federal Information Security Management Act Fiscal Year 2014 (ER-15-01), November 14, 2014
- OIG Report, Evaluation of FLRA Privacy and Data Protection (ER-17-05), May 9, 2017

Proper Handling of Records (hard copy and electronic)

Presidential Memorandum, *Managing Government Records*, was signed on November 28, 2011. It announced an Executive Branch-wide effort to reform Government records. On August 24, 2012, OMB and National Archives and Records Administration (NARA) jointly issued Memorandum M-12-18, *Managing Government Records Directive*. The new directive provided goals, requirements, and deadlines for implementing the Presidential Memorandum. The first goal of the Directive has two compliance deadlines:

- By December 2016, Federal agencies will manage both permanent and temporary email records in an accessible electronic format; and

- By December 2019, Federal agencies will manage all permanent records in an electronic format, and must develop plans to do so by December 2013.

Management has made progress addressing the challenge of complying with the Directive as mentioned in our report dated November 2, 2016. Throughout 2017, the FLRA continued its efforts to use technology to enhance operational efficiencies by automating, paper-based manually intensive processes. This includes developing a case management system infrastructure supporting electronic files that will properly handle agency case files and records. This is an excellent step forward using technology to enhance operational efficiencies. However, system automation is one part of a comprehensive approach to address the challenge of managing permanent records. Industry practices dictate that along with implementing new technology, it is imperative that a complete oversight or governance process be established to include documenting agency policies, procedures and processes that address all hard copy and electronic records proper handling. Although new automated systems offer increased capabilities, they also present new internal (management) control challenges. The FLRA needs to ensure various roles (e.g., system administrator); related authorities and capabilities are properly assigned, documented, managed and monitored. Such written documentation should be maintained as this need becomes increasingly critical as additional functionality and enhancements are added to the system. Further, although, certain types of records do not have legal retention requirements; the policies, processes and procedures should, clearly and specifically, instruct staff on the proper handling. Further, management should periodically verify that such policies are being followed.

Progress in Addressing the Challenge

The FLRA met the first requirement of OMB Directive M-12-18, managing both permanent and temporary email records in an accessible electronic format. The Agency is currently maintaining all email records in an electronic format. The FLRA has made steady progress towards accomplishing its multi-year plan goal to implement full electronic file – consistent OMB requirements – in 2019. Accomplishments include: implementation of enhancements to the eFiling system that are on schedule to be completed this FY; work on a new task order for transitioning the agency's electronic case management system is underway; and the agency's successful transition to a new, cloud based Document Management System during this FY. All three are essential components for fully implementing electronic FLRA case files.

The FLRA recognizes that a necessary component of the implementation of electronic case files is the development of policies, processes, and procedures, which provide staff with clear guidance for handling records and ensure compliance with agency requirements. By leveraging the Small Agency Council network, the FLRA partnered with the Pension Benefit Guaranty Corporation to conduct a comprehensive assessment and roadmap for improving the FLRA's records management program. This is the first step to ensuring that the appropriate oversight and governance processes are established, including reviewing/updating agency policies, procedures and processes that address the proper handling of all hard copy and electronic records. Further, this effort will ensure various roles (e.g., system administrator) and related authorities and capabilities are properly assigned, documented, managed and monitored, and that written documentation is kept up-to-date.

What Needs to Be Done

Since the Directive's release, there has been a wealth of additional NARA bulletins and OMB memorandums. Although the FLRA has until 2019 to comply with the evolving requirements, FLRA management should continue working its multi-year agenda to integrate its E-filing and other automated systems.

Key OIG Resources

- President Memorandum, *Managing Government Records,* signed on November 28, 2011
- OMB Directive M-12-18, Managing Government Records Directive, issued August 24, 2012
- NARA Bulletin 2013-02, Guidance on a New Approach to Managing Email Records, issued August 29, 2013
- OMB/NARA Memorandum M-14-16, which included NARA Bulletin 2014-06, Guidance on Managing Email issued September 14, 2014

Closure of Open Recommendations Outstanding for More Than 1 Year

The Inspector General Act of 1978, as amended, requires explanations for all audit reports with recommendations open for more than one year. These outstanding recommendations are also reported to the FLRA and Congress in the OIG's Semiannual Reports to Congress. We first reported the closure of open recommendations outstanding for more than one year as a management challenge in 2016. Last year we reported that FLRA had eight open recommendations outstanding for more than 1 year. In our September 30, 2017 OIG Semiannual Report, the FLRA closed one of the eight open recommendations outstanding for more than
1 year.

The table below shows a summary of reports with corrective actions outstanding for more than 1 year and whether those recommendations were open or closed.

Reports with Corrective Actions Outstanding for more than 1 year[2]

Report Title	Report Number	Issue Date	Number of Recommendations	Closed	Open
Management Letter for Fiscal Year 2011 Audit of the Federal Labor Relations Authority Financial Statements	AR-12-02	12/11	3	2	1
Evaluation of the Federal Labor Relations Authority's Compliance with the Federal Information Security Management Act FY 2014	ER-15-01	11/14	3	1	2
Evaluation of the Federal Labor Relations Authority Compliance with the Federal Information Security Management Act Fiscal Year 2015	ER-16-01	11/15	5	2	3
Management Letter for Fiscal Year 2015 Audit of the Federal Labor Relations Authority	AR-16-02	12/15	1	0	1

At this time, FLRA has seven recommendations outstanding for more than 1 year, with four dating back to Calendar Year (CY) 2015, two from CY 2014 and one from CY 2011. Of the seven recommendations, five were reported in the FISMA audits. Three of the FISMA recommendations are from the FY 2015 review and two from the FY 2014 review.

Although the FLRA obtained an unmodified (clean) opinion on all financial statements in FY 2016, the independent auditor's FY 2016 Management Letter reported one new recommendation and two recommendations outstanding for more than 1 year. Of the outstanding recommendations, the one from 2011 persisted in FY 2017 and the other was included in the FY 2015 Management Letter.

It is critical that the FLRA continue its progress in resolving open findings that are outstanding from prior audits, and design appropriate corrective action plans to implement procedures and

[2] Only the recommendations that have been open for 12 months are reflected in the accompanying list of open recommendations.

address deficiencies, where appropriate. FLRA management should also continuously monitor these plans to ensure timely audit resolution.

Progress in Addressing the Challenge

In response to our FY 2017 management challenges, the FLRA indicated having "clear and comprehensive action plans in place to address all open recommendations." FLRA explained that the action plans, coupled with continuous monitoring of its efforts, will result in closing all open recommendations in FY 2017.

What Needs to Be Done

We acknowledge that the FLRA continues to initiate actions to address outstanding open recommendations. However, our audit work from the past several years continues to highlight that the FLRA faces challenges in addressing outstanding weaknesses. The impact of FLRA action plans will be assessed during the FY 2017 Financial Statement and FISMA audits.

Key OIG Resources

- OIG Report Management Letter for Fiscal Year 2016 Audit of the Federal Labor Relations Authority Financial Statements (AR-17-02), November 16, 2016
- OIG Report Management Letter for Fiscal Year 2015 Audit of the Federal Labor Relations Authority (AR-16-02), December 14, 2015
- OIG Report, Evaluation of the Federal Labor Relations Authority Compliance with the Federal Information Security Management Act Fiscal Year 2015 (ER-16-01), November 9, 2015
- OIG Report, Evaluation of the Federal Labor Relations Authority Compliance with the Federal Information Security Management Act Fiscal Year 2014 (ER-15-01), November 14, 2014
- OIG Report, Management Letter for Fiscal Year 2011 Audit of the Federal Labor Relations Authority Financial Statements (AR-12-02) December 28, 2011

MANAGEMENT'S RESPONSE

Since FY 2009, the FLRA has engaged in a thorough review of agency programs and performance. Efforts have been focused on budget-related matters and the development of management initiatives to improve the FLRA's performance of its statutory mission. In addition to program performance, the review has included information technology (IT) investments, human resources (HR), case processing, and financial management. As a result, in recent years, the FLRA has made significant progress in addressing and resolving deficiencies and challenges identified by the Inspector General. The remaining challenges identified by the Inspector General include IT security, proper handling of records, and closure of open recommendations outstanding for more than one year.

With respect to these ongoing challenges, management has made, and continues to make, progress towards their resolution with the input of agency leadership, management, and employees. As for IT security, the agency remains vigilant in maintaining a control environment that monitors and mitigates risks, threats, and vulnerabilities, and is committed to establishing and maintaining a program that is fully Federal Information Security Management Act (FISMA) compliant. There are specific agency plans of action in place to ensure such compliance. And, in FY 2017, the FLRA has been successful at correcting 4 of the 5 identified vulnerabilities by adhering to those plans. In addition, in FY 2017, the agency resolved the one remaining finding identified in the Privacy and Data Protection review.

The FLRA is proud to report that it has no new IT-security findings in FY 2017, for the second consecutive year. The agency views this as a significant accomplishment and a strong indicator of the FLRA's commitment to addressing IT-security matters in a timely and comprehensive manner. The FLRA also had no new findings from its FY 2017 Privacy and Data Protection review, further indicating sound processes throughout the Agency. And the FLRA is pleased that the planning efforts and actions taken over the last year have made a significant impact on the progress towards successfully accomplishing agency goals. The agency remains vigilant in maintaining a control environment that monitors and mitigates risks, threats, and vulnerabilities.

As for records management, the FLRA has continued its efforts to use technology to enhance operational efficiencies by implementing systems to automate paper-based, manually intensive processes. This includes the development of an electronic case-management system (CMS) infrastructure that supports electronic files and that will further agency efforts to properly handle agency case files and records. The FLRA has made steady progress in accomplishing its multi-year plan, with a goal of implementing fully electronic records – consistent with OMB requirements – in 2019. In FY 2017, these accomplishments include: enhancements to the agency-wide eFiling system; work on transitioning the Agency case management system is underway; and transitioned to a new Document Management System. All three of these efforts are essential components for implementing fully electronic case files throughout the agency by FY 2019. The FLRA recognizes that a necessary component of the implementation of electronic case files is the development of policies, processes, and procedures that provide staff with clear guidance for handling records and ensuring compliance with agency requirements.

With respect to the timely closure of audit-report recommendations, the FLRA is pleased to report that in FY 2017, it made significant progress in closing audit recommendations outstanding for more than one year. Most significantly, with respect to IT Security, the FLRA closed four of the five open recommendations from FY 2014 – leaving only one finding remaining. In addition, the FLRA closed its only remaining Privacy Program audit finding from FY 2014.

The FLRA has clear and comprehensive corrective action plans in place to address and close its remaining recommendations that are outstanding for more than one year, as well as all other open audit recommendations in FY 2018. These plans include, among other things, monthly audit recommendation review meetings with the FLRA Executive Director and all responsible managers and staff to track and monitor progress on resolving open findings. We are confident that implementation of management's corrective action plans, coupled with close continuous monitoring of its efforts, will ensure that open audit recommendations will be timely closed by the FLRA in FY 2018 and beyond.

IMPROPER PAYMENTS ELIMINATION AND RECOVERY

The Improper Payments Information Act of 2002, as amended by the Improper Payments Elimination and Recovery Act of 2010 (IPERA), requires agencies to annually report information on improper payments. The FLRA has reviewed all of its programs and determined that none are susceptible to significant improper payment. The IPERA also requires agencies to conduct payment-recapture audits for each program that expends $1 million or more annually, if conducting such audits would be cost-effective. Based on the criteria set forth in Appendix C of OMB Circular A-123, the agency has also determined that it would not be cost-effective to establish a recovery-audit program for its programs that expend more than $1 million. Recoveries are not expected to be greater than the costs incurred to identify any overpayments.

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