



INSPECTOR GENERAL

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

MEMORANDUM

DATE: November 2, 2016

TO: Carol Waller Pope
Chairman

Ernest DuBester
Member

Patrick Pizzella
Member

FROM: Dana Rooney
Inspector General

SUBJECT: Management and Performance Challenges Facing the FLRA

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

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 the FLRA, OIG to provide the agency head with a statement summarizing the most serious management and performance challenges facing the agency and briefly assess the agency's progress in addressing those challenges. This OIG statement should be included in the PAR.

Accordingly, the attached document describes the most serious management and performance challenges facing the FLRA along with a brief assessment of management's progress in addressing them. 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.

The first two challenges were also noted in the agency's Fiscal Year 2015 PAR. FLRA has made substantial progress in addressing these challenges as further described in the attachment. Additionally, management has taken sufficient action to effectively address the "building and sustaining a high-performing workforce" therefore; we removed this challenge from this year's

¹ Public Law 106-531

report. However, in this year's report we added a new challenge for FLRA concerning closure of open recommendations outstanding for more than 1 year.

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 Executive Director for continuing to support our work and your commitment to excellence at FLRA. We look forward to working collaboratively with FLRA to address these management challenges.

Attachment

cc: Sarah Whittle Spooner, Executive Director
Gregory Mister, Director Budget and Finance



Office of Inspector General Federal Labor Relations Authority

Information Technology Security Needs Continuing Improvement

Safeguarding data and information systems is a continuing challenge for all Federal agencies, including the Federal Labor Relations Authority (FLRA). The agency must remain vigilant in establishing a control environment to monitor potential Information Technology (IT) risks, threats, vulnerabilities, mitigation and implementation plans. The IT security challenge also includes additional concerns associated with a prior Office of Inspector General (OIG) review of FLRA's privacy and data security policies, procedures and practices.

The OIG has identified repeated problems in IT. For the last several years, the annual Federal Information Security Management Act of 2002 (FISMA) evaluations performed by the OIG identified weaknesses. The FLRA provided corrective action plans and completed some actions in response to the OIG recommendations. However, the FLRA needs to effectively address IT deficiencies and implement planned actions to correct 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 November 2015 FISMA reported 11 recommendations. Five were new recommendations included in the Fiscal Year (FY) 2015 FISMA Report and six prior year recommendations. Three of the remaining prior year FISMA recommendations were reported in FY 2014, two were reported in FY 2011 and one from 2009.

Progress in Addressing the Challenge

FLRA has taken corrective actions to resolve the IT related deficiencies reported in its Plan of Action and Milestones developed in response to the FY 2015 FISMA Report. We noted the FLRA entered into an agreement for contractor support to remediate four of the findings. The October 2016 FISMA report included a follow up of all prior year recommendations. There were a total of 11 prior year recommendations and 5 are still open: three from the FY 2015 FISMA evaluation and two from the FY 2014 FISMA. There were no new findings reported in the FY 2016 FISMA evaluation.

FLRA has taken steps to improve the information security program having developed plans for mitigating the deficiencies by March 2017.



Office of Inspector General Federal Labor Relations Authority

Privacy Program

The Consolidated Appropriations Act of 2005 requires agencies to: (1) Assign a Chief Privacy Officer responsible for identifying and safeguarding personally identifiable information (PII). (2) An independent, third-party review of agency PII use and privacy and data protection policies and procedures. In June 2015, the OIG performed a Privacy and Data Protection review testing 27 different areas. The audit resulted in four findings in the following areas: (1) IT and Privacy Coordination; (2) System of Records Notices and Routine Use Review; (3) Privacy Impact Assessment (PIA); and (4) Website Updates. The Chief Information Security Officer and the Privacy Officer should analyze the IT systems without current PIAs to determine if PIAs are required, and, if so, post them on the FLRA website. In response to the FY 2015 Review of the FLRA's Privacy Program report, management has a plan to mitigate the weaknesses in 2016.

Progress in Addressing the Challenge

In April 2016, we tested 27 different areas in FLRA's privacy program, this year's Privacy audit resulted in no new findings. We also assessed FLRA's implementation of the 6 open recommendations from FY 2015 resulting in the closure of 5 recommendations, leaving one open. The FLRA external Privacy expert trained staff on Privacy related matters. Additionally, FLRA wrote, approved, and posted an updated PIA. Lastly, the FLRA significantly updated its website and currently complies with Privacy related requirements. The FLRA has corrected the FY 2016 Privacy Program Report "privacy and data related" deficiencies reported in its Plan of Action and Milestones and will resolve the remaining findings in 2017. The impact of this effort will be assessed during the FY 2017 Privacy Program review.

What Needs to Be Done

Overall, the FLRA needs to effectively address information security and Privacy Program deficiencies continue to provide mitigating controls for vulnerabilities, and implement planned actions to correct weaknesses.

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 (Non-Public)
- 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 (Non-Public)



Office of Inspector General Federal Labor Relations Authority

- 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 (Non-Public)
- OIG Report, Review of the Federal Labor Relations Authority's Fiscal Year 2016 Privacy Program (AR-16-04), May 26, 2016
- OIG Report, Review of the Federal Labor Relations Authority's Fiscal Year 2015 Privacy Program (AR-15-04), June 18, 2015

Proper Handling of Records (hard copy and electronic)

Management has made progress addressing this challenge mentioned in our report dated October 22, 2015. Throughout 2016, 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 to 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 records management. 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 has made steady progress towards accomplishing its multi-year plan goal to implement full electronic file – consistent OMB requirements – in 2019. In 2015, the FLRA achieved a noteworthy accomplishment when it leveraged the Small Agency Council network by partnering with management that was responsible for standing up the robust records management program at Pension Benefit Guaranty Corporation to conduct a comprehensive assessment and roadmap for improving the FLRA's records management program. This long-term effort will ensure that the appropriate oversight and governance processes are established, including agency policies, procedures and processes that address the proper handling of all hard copy and



Office of Inspector General Federal Labor Relations Authority

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. 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 ensure compliance with agency requirements.

What Needs to Be Done

FLRA management should continue working its multi-year agenda to integrate its E-filing and other automated systems.

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. Since the September 30, 2016 OIG Semiannual Report, the FLRA has closed a significant number of outstanding recommendations which was a culmination of a long-term effort that represents a significant accomplishment. At this time, however, the FLRA has eight open recommendations outstanding for more than 1 year, with two dating back to FY 2014 and one from FY 2011.

Accordingly, a new challenge identified for this year concerns the closure of open recommendations outstanding for more than one year. As described in connection with the FLRA FISMA evaluation and Privacy program evaluations, the FLRA made substantial progress in addressing open recommendations from prior years. Of particular note, the FLRA closed 6 of the 11 open FISMA recommendations in FY 2016. And of the six closed recommendations, one recommendation had been open since FY 2009 and two since FY 2011. Closing these recommendations, which had been open for many years, was significant. The FLRA also closed one of the three open recommendations from FY 2014. Despite these accomplishments, the FLRA continues to have five FISMA recommendations open; two of which are from FY 2014 and three from FY 2015. In addition, the FLRA has one outstanding Privacy Program audit open recommendation from FY 2015.

Although the FLRA obtained an unmodified (clean) opinion on all financial statements in FY 2015, the FY 2015 independent auditor's management letter reported two recommendations. One new recommendation was included in the FY 2015 management letter and the other identified in the FY 2011 management letter persisted into FY 2015.



Office of Inspector General Federal Labor Relations Authority

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

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 (Non-Public)
- OIG Report, Review of the Federal Labor Relations Authority's Fiscal Year 2016 Privacy Program (AR-16-04), May 26, 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 (Non-Public)
- OIG Report, Review of the Federal Labor Relations Authority's Fiscal Year 2015 Privacy Program (AR-15-04), June 18, 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 (Non-Public)
- OIG Report, Management Letter for Fiscal Year 2011 Audit of the Federal Labor Relations Authority Financial Statements (AR-12-02) December 28, 2011
- OIG Report, Evaluation of the Federal Labor Relations Authority Compliance with the Federal Information Security Management Act Fiscal Year 2011 (ER-12-01), November 14, 2011 (Non-Public)
- OIG Report, 2009 Federal Labor Relations Authority Inspector General Federal Information Security Management Act Evaluation (Non-Public)