SEMIANNUAL REPORT TO CONGRESS

April 1, 2010 to September 30, 2010

Office of Inspector General
44th Report
October 2010

Federal Labor Relations Authority
1400 K Street, N.W. Suite 250, Washington, D.C. 20424

TABLE OF CONTENTS

EXECUTIVE SUMMARY

This is the 44th Semiannual Report issued by the Office of the Inspector General (OIG) of the Federal Labor Relations Authority (FLRA). This report, submitted pursuant to the Inspector General Act of 1978, as amended, summarizes the major accomplishments of the FLRA OIG for the period of April 1, 2010 to September 30, 2010. The executive summary highlights the most significant activities of the OIG. Additional details pertaining to each activity can be found in subsequent sections of this report.

During the period covered by this report, the OIG initiated the annual audit of the FLRA's Fiscal Year 2010 Financial Statements (AR-11-01); and the FLRA's Federal Information Security Management Act Evaluation 2010 (ER-11-01) compliance reviews. The FLRA Inspector General responded to two Freedom of Information Act requests.

OVERVIEW OF THE FEDERAL LABOR RELATIONS AUTHORITY

FLRA's MISSION

The mission of the FLRA is to carry out the five primary statutory responsibilities as efficiently as possible and in a matter that gives full effect to the rights afforded employees and agencies under the *Federal Service Labor-Management Relations Statute* (the Statute). Under the Statute, the primary responsibilities (type of cases) of the FLRA include:

(1) Determining the appropriateness of units for labor organization representation (REP);
(2) Adjudicating exceptions to arbitrator's awards (ARB);
(3) Resolving complaints of unfair labor practices (ULP);
(4) Resolving bargaining impasses; and
(5) Resolving issues relating to the duty to bargain (NEG).

FLRA's ORGANIZATION

The FLRA conducts it case-processing activities through:

- The Office of the General Counsel (OGC) of the Authority – led by the General Counsel, who is appointed by the President and confirmed by the Senate -- which, through regional offices, is the entry point for ULP charges filed with the FLRA. The OGC also processes REP petitions filed with the FLRA and decides appeals of Regional Directors' decisions dismissing ULP charges.

- The Office of Administrative Law Judges is the office in which judges appointed by the Authority conduct administrative hearings and issue recommended decisions in cases involving alleged ULPs and issue decisions involving applications for attorney fees under the *Back Pay Act* or the *Equal Access to Justice Act*.

- The Authority is a quasi-judicial body with three full-time Members appointed by the President and confirmed by the Senate that resolves appeals in ULP and REP cases and adjudicates exceptions to ARB awards and NEG appeals.

- The Federal Service Impasses Panel, which consists of seven part-time members appointed by the President (without Senate confirmation), resolves impasses between Federal agencies and unions representing Federal employees under the Statute and the Federal Employees Flexible and Compressed Work Schedules Act.

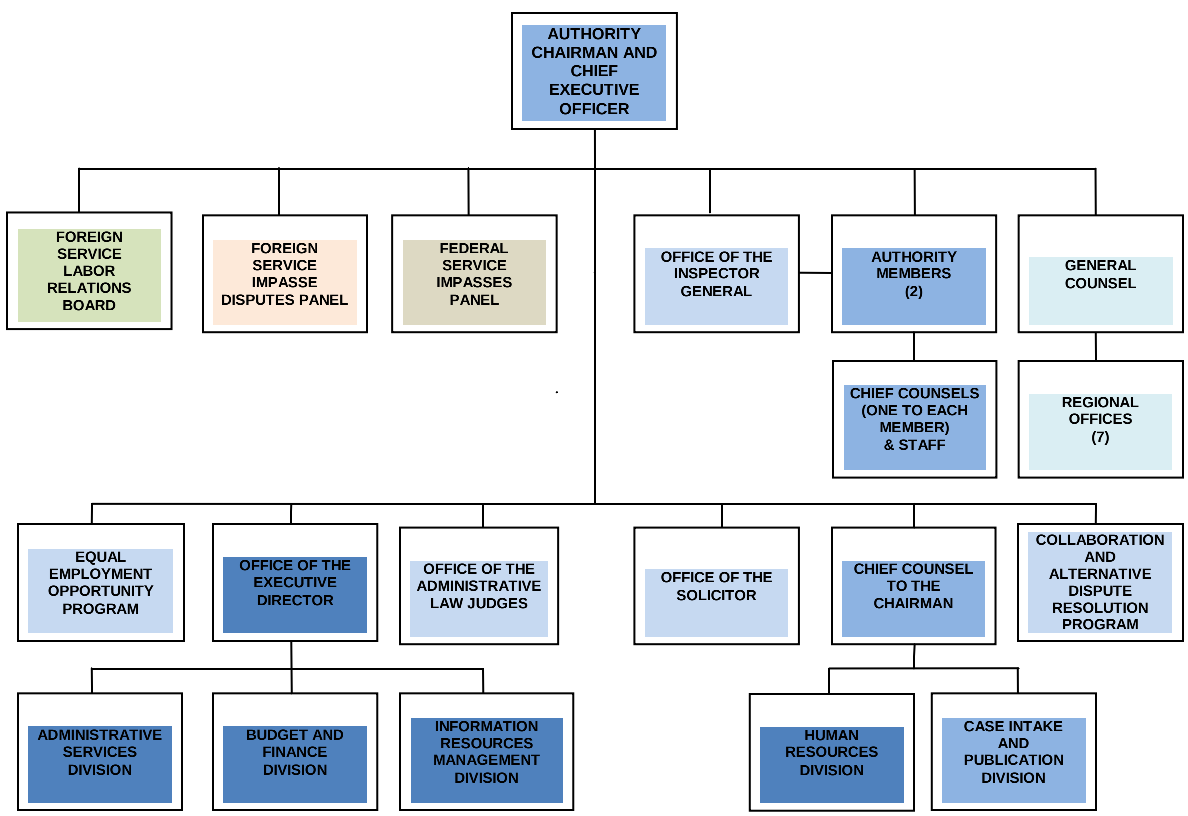
- The FLRA also provides full staff support to two other entities: the Foreign Service Impasse Disputes Panel and the Foreign Service Labor Relations Board (FSLRB).

The Chairman as the Agency head serves as FLRA's Chief Executive and Administrative Officer and is responsible for agency-wide administrative functions, such as purchasing, human resources, budgeting and finance, information technology, leasing of office space and agency-wide performance management. The Chairman also chairs the FSLRB.

To carry out the Chairman's statutory responsibilities, the Office of the Chairman oversees the following offices:

- *The Office of the Executive Director* provides agency-wide operational support through the following divisions: Budget and Finance, Administrative Services and Information Resources Management.
- *The Office of the Solicitor* represents the agency in court proceedings before all United States Courts and provides the Chairman legal advice on various legal issues.
- *The Office of Human Resources* is responsible for providing agency-wide Human Resource services, and leading human capital management efforts pursuant to the FLRA Strategic Plan.

ORGANIZATION CHART



OFFICE OF INSPECTOR GENERAL

The Inspector General Act of 1978, as amended (hereafter referred to as the IG Act), requires FLRA and other small agencies to establish an Office of Inspector General (OIG). Recently, the Dodd-Frank Wall Street Reform and Consumer Protection Act (P.L. 111-203) amended the IG Act, by changing the definition of head of the agency in regard to the Inspector General (IG) reporting relationship. Public Law 111-203 provides that the "head of the designated Federal entity no longer will be the Chairman alone. Instead, it will be all Authority members. Accordingly, the FLRA IG now reports to and is under the general supervision of the Chairman and Authority Members.

The FLRA IG is responsible for:

(1) conducting and supervising audits and investigations relating to FLRA programs and operations;
(2) detecting and preventing fraud, waste and abuse of agency programs and operations while providing leadership and coordination;
(3) recommending policies designed to promote economy, efficiency, and effectiveness of the establishment; and
(4) keeping the Chairman, Authority Members and Congress fully and currently informed about problems and deficiencies, as well as the necessity for corrective actions.

Acting Inspector General Charles R. Center was replaced by a permanent Inspector General, Dana Rooney-Fisher on August 30, 2010.

OFFICE OF INSPECTOR GENERAL ACTIVITY

AUDITS AND EVALUATIONS

In accordance with the IG Act, the FLRA OIG conducts, supervises and coordinates audits and evaluations relating to programs and operations of the FLRA.

Ongoing Audits and Evaluations

One audit and one evaluation are ongoing at the close of the reporting period:

(1) Audit of the FLRA's Fiscal Year (FY) 2010 Financial Statements (AR-11-01); and
(2) FLRA's Federal Information Security Management Act (FISMA) Evaluation 2010 (ER-11-01).

These engagements are planned to be completed in the first half of FY 2011 and the results will be included in the next semiannual report.

INVESTIGATIVE ACTIVITIES

The FLRA OIG receives and investigates allegations of fraud, waste, abuse and misconduct within FLRA programs and operations. The FLRA OIG investigations can give rise to administrative, civil and criminal penalties. Based on investigations conducted, the FLRA IG makes recommendations to FLRA management regarding administrative and civil matters. Investigations which uncover potential criminal activity are referred to the Department of Justice.

In order to facilitate reporting of allegations, FLRA OIG maintains a hotline (see "Contacting the Office of Inspector General"). During the reporting period, the OIG did not receive any complaints.

During the time period covered by this report, there were no new or ongoing investigations.

OTHER ACTIVITIES

Regulatory Review

Under Section 4(a)(2) of the IG Act, OIG reviews existing and proposed legislation and regulations relating to programs and operations of FLRA and to make recommendations in the semiannual report. During this reporting period the OIG reviewed the draft Federal Register notice of interim FLRA supplemental ethics rules. These proposed rules addressed approval requirements for and certain prohibitions of outside employment.

Peer Review

Offices of Inspectors General performing audits are required to perform (and undergo) reviews of other OIG offices every 3 years to ensure policies and/or procedural systems are in place that provide reasonable assurance of compliance with Government Auditing Standards. New reporting requirements contained in the Dodd-Frank Wall Street and Consumer Protection Act of 2010, IGs are now required to include, in their semiannual reports, information pertaining to peer review reports for which they are either the reviewing or the reviewed IG.

The United States International Trade Commission completed a peer review of the FLRA OIG and issued a report on its system of quality controls on September 16, 2008. Management has taken action to close the weaknesses identified in the peer review. The FLRA OIG will have a peer review conducted by another OIG in FY 2011.

Liaison Activities

The FLRA IG is a member of the Council of Inspectors General on Integrity and Efficiency, which was established on October 14, 2008, pursuant to the Inspector General Reform Act of 2008.

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

The reporting requirements of the Inspector General Act of 1978, as amended, are listed in the following table along with the location of the required information. The word "None" appears where there is no data to report under a particular requirement.

REFERENCE	REPORTING REQUIREMENT	PAGE
Section 4(a)(2)	Review of legislation and regulations	p. 6
Section 5(a)(1)	Significant problems, abuses, and deficiencies relating to the administration of programs and operations	None
Section 5(a)(2)	Recommendations with respect to significant problems, abuses or deficiencies	None
Section 5(a)(3)	Recommendations included in previous semiannual reports on which corrective action has not been completed (Table III)	p.12
Section 5(a)(4)	Matters referred to prosecutive authorities	None
Section 5(a)(5)	Summary of reports	None
Section 5(a)(6)	Listing by subject of audit reports issued	None
Section 5(a)(7)	Summary of significant reports	None
Section 5(a)(8)	Statistical table – Reports with questioned costs (Table I)	p.10
Section 5(a)(9)	Statistical table – Recommendations that funds be put to better use (Table II)	p.11
Section 5(a)(10)	Summary of previous audit reports without management decisions	None
Section 5(a)(11)	Description and explanation of revised management decisions	None
Section 5(a)(12)	Management decisions with which the IG is in disagreement	None
Section 5(a)(13)	Information under section 05(b) of the Federal Financial Management Improvement Act of 1996	None

FREEDOM OF INFORMATION ACT REQUESTS

Number of Freedom of Information Act (FOIA) Requests Received	3
Number of FOIA Requests Processed	2
Number Granted	
Number Partially Granted	1
Number Not Granted	1
Reasons for Denial	
No Records Available	
Referred to Other Agencies	1
Requests Denied in Full Exemption 3	
Requests Denied in Full Exemption 5	
Requests Denied in Full Exemption 7(A)	
Requests Denied in Full Exemption 7(C)	
Request Withdrawn	
Not a Proper FOIA Request	
Not an Agency Record	
Duplicate Request	
Other	
Requests for OIG Reports from Congress and Other Government Agencies	
Received	
Processed	
Appeals Received	
Appeals Processed	
Appeals Completely Upheld	
Appeals Partially Reversed	
Not Proper FOIA Request	
Other	
Number of OIG Reports/Documents Released in Response to Requests	8

Note 1: We received 1 FOIA request that will be processed and reported in the next semiannual report.
Note 2: A request may involve more than one report.
Note 3: During this 6-month period, 0 reports were posted on line on the OIG Web site: http://www.flra.gov/OIG

TABLE I

REPORTS WITH QUESTIONED COSTS

The following statistical table summarizes the OIG monetary recommendations and the FLRA responses to those recommendations.

	NUMBER OF REPORTS	QUESTIONED COSTS	UNSUPPORTED COSTS
A. For which no management decision has been made by the commencement of the reporting period.	**0**	**0**	**0**
B. Which were issued during the reporting period.	**0**	**0**	**0**
Subtotals (A+B)	**0**	**0**	**0**
C. For which a management decision was made during the reporting period.	**0**	**0**	**0**
(i) Dollar value of disallowed costs	**0**	**0**	**0**
(ii) Dollar value of costs not disallowed	**0**	**0**	**0**
D. For which no management decision has been made by the end of the reporting period.	**0**	**0**	**0**
E. Reports for which no management decision was made within six months of issuance.	**0**	**0**	**0**

TABLE II

RECOMMENDATIONS THAT FUNDS BE PUT TO BETTER USE

	NUMBER OF REPORTS	DOLLAR VALUE (In Thousands)
A. For which no management decision has been made by the commencement of the reporting period.	**0**	**0**
B. Which were issued during the reporting period.	**0**	**0**
Subtotals (A+B)	**0**	**0**
C. For which a management decision was made during the reporting period.	**0**	**0**
(i) Dollar value of disallowed costs	**0**	**0**
(ii) Dollar value of costs not disallowed	**0**	**0**
D. For which no management decision has been made by the end of the reporting period.	**0**	**0**
E. Reports for which no management decision was made within six months of issuance.	**0**	**0**

TABLE III

SUMMARY OF AUDIT REPORTS WITH CORRECTIVE ACTIONS OUTSTANDING FOR MORE THAN 6 MONTHS

REPORT TITLE	REPORT NUMBER	ISSUE DATE	RECOMMENDATIONS		
			NUMBER	CLOSED	OPEN
Report on Evaluation of FLRA's FISMA Compliance	FY09FISMA	07/09	16	0	16

APPENDIX A

ACRONYMS AND ABBREVIATIONS

ARB	Arbitration (type of FLRA case)
FISMA	Federal Information Security Management Act of 2002
FLRA	Federal Labor Relations Authority
FOIA	Freedom of Information Act
FSLRB	Foreign Service Labor Relations Board
FY	Fiscal Year
IG	Inspector General
NEG	Negotiability (Type of FLRA case)
OGC	Office of the General Counsel
OIG	Office of Inspector General
P.L.	Public Law
REP	Representation (Type of FLRA Case)
STATUTE	Federal Labor-Management Relations Statute
ULP	Unfair Labor Practice (Type of FLRA case)

APPENDIX B

DEFINITIONS OF TERMS USED

Disallowed Cost	A questioned cost that management, in a management decision, has sustained or agreed should not be charged to the Government.
Final Action	The completion of all actions that management has concluded, in its management decision, are necessary with respect to the findings and recommendations. If management concluded that no actions were necessary, final action occurs when management decision is issued.
Management Decision	An evaluation by management of the findings and recommendations included in an audit report and the issuance of a final decision by management concerning its response to such findings and recommendations, including actions concluded to be necessary.
Questioned Cost	A cost questioned because of: (a) an alleged violation of a law, regulation, contract, or other agreement or document governing the expenditures of funds; (b) a finding that, at the time of the audit, such cost is not supported by adequate documentation; or (c) a finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable.
Recommendation That Funds Be Put To Better Use	A recommendation that funds could be used more efficiently if management took actions to complete the recommendation, including: (a) reduction in outlays; (b) deobligate funds; (c) costs not incurred by implementing recommended improvements related to the operations of the establishment, a contractor; (d) avoidance of unnecessary expenditures noted in preaward reviews of contract; or (e) any other savings which specifically identified.
Unsupported Cost	A cost questioned because at the time of the audit, such cost is not supported by adequate documentation.

CONTACTING THE OFFICE OF INSPECTOR GENERAL

If you believe an activity is wasteful, fraudulent, or abusive of Federal funds,

Please Call

Toll Free 1-800-331-3572 or
(202)218-7744 in the Washington metropolitan area

or write to:

Federal Labor Relations Authority

Office of Inspector General

1400 K Street, NW

Suite 250

Washington, D.C. 20424

Information can be provided anonymously. Federal Government employees are protected from reprisal and anyone may have his or her identity held in confidence.