

## EXECUTIVE SUMMARY

This is the 32<sup>nd</sup> semiannual report issued by the Office of Inspector General (OIG) at the Federal Labor Relations Authority (FLRA). This report, submitted pursuant to section 5 of the Inspector General Act, summarizes the major activities and accomplishments for the period of April 1, 2004 to September 30, 2004.

During this reporting period, the FLRA Inspector General conducted two audits, processed four hotline calls, completed two administrative investigations, completed a 2004 FISMA evaluation and initiated an internal review of FLRA's procurement of court reporting services. During this reporting period three security incidents occurred.

The FY 2004 Audit of FLRA Security Programs revealed that the FLRA has material weaknesses both in information security and physical security. Management has been advised that they must focus on the findings and high risks that have been identified and implement sufficient internal controls to identify, correct, and prevent serious security occurrences. An FY 2004 Financial Statement audit was also initiated during this reporting period to assess the FLRA's recently implemented financial statements. This audit is still in process.

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

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

## THE FEDERAL LABOR RELATIONS AUTHORITY

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

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

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

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

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

***Office of the Administrative Law Judges:*** The FLRA's Administrative Law Judges (ALJs) are appointed by the Authority to hear and prepare recommended decisions in cases involving alleged ULPs. In addition, ALJs issue decisions involving applications for attorney fees and files pursuant to the Back Pay Act or the Equal Access to Justice Act.

The decisions of the ALJs may be affirmed, modified, or reversed, in whole or in part, by the Authority. If no exceptions are filed to an ALJ's decisions, the decision is adopted by the Authority and becomes final and binding on the parties. The ALJs also issue subpoenas as requested by the parties. While performing their duties, the ALJs engage in settlement efforts throughout all stages of the process and conduct pre-hearing conferences in all ULP cases.

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

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

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

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

***Office of the Inspector General:*** The Office of the Inspector General is responsible for directing and carrying out audits and investigations related to the FLRA programs and operations. In addition, the office recommends policies that promote economic, efficient,

and effective agency programs that prevent fraud, waste and abuse. The office is responsible for keeping the Chair and the Congress fully informed of problems and deficiencies, as well as the necessity for corrective action. The Office of the Inspector General is mandated by Public Law 100-504 and the Inspector General Act Amendments of 1988.

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

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

***The Foreign Service Labor Relations Board:*** The Foreign Service Labor Relations Board (the Board) was created by the Foreign Service Act of 1980 to administer the labor-management relations program for Foreign Service employees in the U.S. Information Agency, the Agency for International Development, and the Departments of State, Agriculture and Commerce. The Board is composed of three Members, including the Chairman of the Authority who appoints the other two Members, who serve on a part-time basis. The Chairman of the Authority also serves as Chairman of the Board. The FLRA General Counsel acts as General Counsel for the Board, and the Authority staff provides necessary support to the Board.

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

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

## **FLRA MISSION STATEMENT**

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

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

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

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

## **OFFICE OF INSPECTOR GENERAL**

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

- Conducts and supervises internal reviews, audits and evaluations of the programs and operations of the FLRA;

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

The Inspector General's Office is currently staffed with one full time Inspector General and one full time Management Analyst (upward mobility position). When required, the FLRA Inspector General uses contractor auditors to perform audits. The Office of the Inspector General had been allocated funding totaling \$161,000.00 for FY 2004. Information concerning the FY 2005 FLRA allocation was not available at the time this report was created. The FLRA Inspector General submitted a request for an increase in operational funding in the FLRA Office of Inspector General FY 2005 budget submission. The lack of staff and increased oversight activities required by law (annual security and financial statement audits) provide the basis for this request.

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

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

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

- To evaluate the efficiency and effectiveness of FLRA program and resource management and identify best practices, as well as causative factors, impeding the accomplishment of the FLRA mission.

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

## AUDIT/INTERNAL REVIEW ACTIVITY

During this reporting period the following audit was performed by the FLRA Office of the Inspector General in compliance with Government auditing standards:

### Audit of FLRA's Security Programs

Closed

The FY 2004 FLRA Security Program audit revealed that the FLRA's information security program substantially did not meet the responsibilities required for Federal agencies stipulated in the Federal Information Security Management Act of 2002 (FISMA), Section 3544. Security weaknesses, as a whole, constitute a material weakness. The audit risk assessment, based on FISMA requirements revealed 14 areas of risk, 9 of which were high risks. These high risk areas included Systems Development Life Cycle and Change Control,

User Account Control, Segregation of Duties, Information Security Program, Security Program Plan, Incident Response Plan, Systems Accreditation and Formalized Acceptance by Management, and Disaster Recovery and Business Continuity.

The Physical Security and Information Technology deficiencies overlapped in several areas

(computer room security, information security policies and Headquarter access).

This audit revealed that the lack of adequate physical security controls over system resources, disruption or denial of service and damage to sensitive information system assets

existed without proper management accountability. FLRA management has not created Disaster Recovery, Information Technology Contingency or Continuity of Operations Plans

that are fully developed and implemented to mitigate risks associated with the ensurance of

continuity of support in the event of service disruption. Also, the FLRA does not have policy and procedures or sufficient internal controls to review the effectiveness of physical access controls.

This audit also affirmed that the FLRA has not administered security awareness training to

its employees or retain an adequate physical or information technology workforce. Also, the FLRA has no formalized written change control and systems development life cycle policies addressing configuration management, acquisition development and the maintenance of hardware, software and commercial products. Without such guidance, the

FLRA risks cost overruns, rework, and other substantial problems that could lead to the waste of resources. Findings and recommendations related to this Security Program

Audit  
may be found on pages 20 and 21 of this report.

**Federal Information Security Management Act (FISMA) Evaluation Closed**

On September 13, 2004, The FLRA Inspector General issued the Inspector General's Evaluation of the FLRA's compliance with FISMA to the Chairman, FLRA to comply with the Office of Management and Budget's specific instructions for Inspectors General to independently and objectively provide the results of information security reviews on an annual basis. The evaluation affirmed that the FLRA has a significant amount of material weaknesses and high risks in several information security areas. Part of the cause of several high risks and material weaknesses is that FLRA management has not sufficiently addressed findings and corrective actions recommended by the FLRA Inspector General and previous contractors and consultants. Also, the lack of a sufficient and qualified staff, the lack of separation of duties of the Chief Information Officer who has served as the Acting Director of the Information Resource Division for over a year and one half and the lack of security training have created high risk areas of concerns. Also, the FLRA's network infrastructure has not yet been accredited or certified based on the acceptance of risks identified within the systems certification process. Other significant risks pertain to the lack of security information policy, the lack of contingency planning and continuity of operations for information technology systems as well as physical and homeland security.

The FY 2004 FLRA Inspector General FISMA Evaluation reported that the FLRA was not in compliance with FISMA and that over this next year, FLRA management must focus on improving its computer information security technology, create agency-wide policies and a POA&M related to the FLRA's mission and information technology function, implement a systems security policy and contingency plan, provide security training for its employees, improve its filter and patch management to reduce penetration risks, and provide sufficient resources to eliminate existing security material weaknesses and high risk issues.

**Audit of FLRA's Financial Statements**

**Open**

FY 2004 is the first year that the FLRA has implemented and maintained financial statements. The FLRA received support from OMB for its request for a waiver in FY 2003. The Financial Statement Audit is currently in process. A comprehensive baseline audit is being conducted by contracted auditors to assess the FLRA's compliance with Federal Accounting Standards, the meaningfulness and use of financial statements, the use of

funds to support FLRA's operations and capital expenditures, whether the FLRA's financial management systems comply with the Federal financial management system requirements, and federal accounting standards. It also will address FLRA's compliance with US Government Standard General Ledger at the transaction level, whether FLRA's internal controls are sufficient and in compliance with OMB Bulletin No. 01-02 and OMB Circular A-123 and if the FLRA's financial statement system is in compliance with the Federal Financial Management Compliance Act and Accountability of Tax Dollars Act.

### **Internal Review**

#### **Internal Review of FLRA's Procurement of Court Reporting Services Open**

During this reporting period, the FLRA Inspector General began an internal review of FLRA's Procurement of Court Reporting Services which pertains to recording and transcription services.

### **Security Issues**

During this reporting issues, the FLRA addressed three security issues involving theft and threatening phone calls.

1. On March 17, 2004, a theft of government property occurred at the FLRA Atlanta Regional Office. The Atlanta Regional Office had been notified by their building management that there had been several break ins over the last few weeks with laptop computers being targeted. The Atlanta Regional Office's rear door was pried open at the locks edge and all individual locked pedestal file drawers were forced open by some sort of tool. Three laptop computers, two overnight laptop storage cases and three power cords were stolen and some property damage occurred as well. The FLRA contacted the Atlanta Region Federal Protective Service, Atlanta Police Department and Colomade Properties (building management). The Federal Protective Service unsuccessfully attempted to obtain fingerprints from the damaged areas. The Atlanta Regional Office was advised to bolt the back door from the inside to prevent a reoccurrence. A copy of the Support Specialist's incident report was provided to the Inspector General during the first week of April, 2004.
2. On June 23, 2004, the FLRA Boston Regional Director contacted a Federal employee who had filed an unfair labor practice charge to inform the party that the case was being dismissed because it did not pertain to the FLRA statute. The

party became very upset, degraded her agency and union, and stated that the only choice she had was to handle it herself and “kill the people who were destroying her.” The FLRA Inspector General contacted the appropriate people in the subject federal agency and federal union where the employee was employed as well as the FLRA Security Officer.

3. On July 23, 2004, an FLRA Federal Services Impasse Panel senior attorney contacted the Inspector General regarding a threatening call she had received on her phone. The threat was to “kill” the recipient of the phone call. The Inspector General contacted the Director, Administrative Services Division who contacted the Federal Protective Service.

### **Debt Collection**

During this reporting period, the FLRA collected \$247.33 through the National Business Center which has taken over the debt collection for payroll issues on behalf of the FLRA. The current remaining payroll debt is \$3,041.56

### **Inspector General Website**

During this reporting period, the Office of the Inspector General submitted the 31st Semi-Annual Report and completed reports to be placed on the Inspector General website. FLRA management has not yet responded to this action request.

### **Continuing Education**

During this reporting period, the FLRA Inspector General attended:

The Internal Auditors Audit Conference

### **Presidential Council of Integrity and Efficiency/Executive Council of Integrity and Efficiency (PCIE/ECIE)**

The FLRA Inspector General continues to participate in the Executive Council of Integrity and Efficiency and PCIE/ECIE activities.



**Investigation Activity**

During this reporting period, the FLRA Inspector General received two complaints which required a full administrative investigation. Investigation 2004-I-05 received at the end of the last reporting period was completed during this reporting period and issued to the Chairman, FLRA on August 5, 2004. Investigation 2004-06 was on hold awaiting for the Authority to make a decision on reconsideration request by the subject union and a amicus brief filed by the complainant. This investigation was reopened on October 6, 2004 and is in process.

| Case No.  | Subject  | Date           | Status  |
|-----------|--|----------------|---|
| 2004-I-04 | Former contractor alleges improper handling of contract.   | March 31, 2004 | FLRA Inspector General has placed complaint on hold. Contractor has filed claim against the agency. |
| 2004-I-05 | FLRA employee alleges management abuse and improper contracting.                                 | March 25, 2004 | FLRA Inspector General. Closed August 4, 2004.  |
| 2004-I-06 | Federal employee alleges improper handling of an arbitration case filed with the FLRA Authority. | April 20, 2004 | Closed. November 3 , 2004   |

## Hotline Calls

During this reporting period, the FLRA Inspector General processed three Hotline Calls.

| <b>Case No.</b> | <b>Subject</b>  | <b>Date</b>       | <b>Status</b>  |
|-----------------|---|-------------------|--|
| 2004-H-11       | Boston Regional Office Director had a threatening conversations from Department of Labor (Puerto Rico)employee who had filed a ULP. | June 23, 2004     | Closed, no file. Referred to Department of Labor Inspector General |
| 2004-H-12       | Postal Service employee alleges improper mangement of the OWCP process.   | September 1, 2004 | Closed. Referred to U.S. Postal Service Inspector General          |
| 2004-H-13       | Former federal employee allges improper actions by the Legal Services Corporation.  | September 8, 2004 | Closed. Referred to Office of Special Counsel                      |
| 2004-H-14       | FLRA OGC ULP appeal officer received bizzare cover letter with ULP appeal.  | September 9, 2004 | Holding  |

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

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

|                         |  |         |
|-------------------------|--|---------|
| <b>Section 4(a)(2)</b>  | Review of legislation and regulations.   | None    |
| <b>Section 5(a)(1)</b>  | Significant problems, abuses, and deficiencies.                                      | None    |
| <b>Section 5(a)(2)</b>  | Recommendations with respect to significant problems, abuses, or deficiencies.       | Page 20 |
| <b>Section 5(a)(3)</b>  | Prior significant recommendations on which corrective action has not been completed. | Page 18 |
| <b>Section 5(a)(4)</b>  | Matters referred to prosecutorial authorities.                                       | None    |
| <b>Section 5(a)(5)</b>  | Summary of instances where information was refused.                                  | None    |
| <b>Section 5(a)(6)</b>  | List of audit/internal review activity.  | Page 8  |
| <b>Section 5(a)(7)</b>  | Summary of significant reports.  | Page 8  |
| <b>Section 5(a)(8)</b>  | Statistical table of reports with questioned costs.                                  | None    |
| <b>Section 5(a)(9)</b>  | Statistical table of reports with recommendations that funds be put to better use.   | None    |
| <b>Section 5(a)(10)</b> | Summary of previous reports without management decisions.                            | None    |
| <b>Section 5(a)(11)</b> | Significant management decision revised during this period.                          | None    |

**Section 5(a)(12)** Significant management decision with which the  
Inspector General disagrees.

None

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

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

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

| <b>INSPECTOR GENERAL REPORTS WITH RECOMMENDATIONS THAT FUNDS BE PUT TO BETTER USE</b> | <b>NUMBER OF REPORTS</b> | <b>DOLLAR VALUE</b> |
|---|--------------------------|---------------------|
|---|--------------------------|---------------------|

|    |   |   |   |
|----|---|---|---|
| A. | For which no management decision has been made by the commencement of the reporting period. | 0 | 0 |
| B. | Which were issued during the reporting period.  | 0 | 0 |
| C. | For which a management decision was made during the reporting period.                       | 0 | 0 |
|    | (i) dollar value of recommendations that were agreed to by management.                      | 0 | 0 |
|    | (ii) dollar value of recommendations that were not agreed to by management.                 | 0 | 0 |
| D. | For which no management decision was made by the end of the reporting period.               |   |   |

**FLRA INSPECTOR GENERAL**  
**Oversight Activities Summary**  
April 1, 2004- September 30, 2004

| <b><u>Subject</u></b>   | <b><u>Status</u></b> |
|---|----------------------|
| Internal Review of FLRA's Procurement of Court Reporting Services | In process           |
| Audit of FLRA Security Programs                                   | Completed            |
| Audit of FLRA Financial Statements                                | In process           |
| Evaluation of FLRA Compliance with FISMA Act                      | Completed            |

**FLRA INSPECTOR GENERAL  
CORRECTIVE ACTION SUMMARY  
April 1, 2004 - September 30, 2004**

|                                      |    |
|--------------------------------------|----|
| New Corrective Actions               | 14 |
| Open Corrective Actions Carried Over | 83 |
| Total Actions Closed This Period     | 1  |
| Total to be Carried Over             | 97 |

**REPORT SIX MONTH PERIOD ENDING SEPTEMBER 30, 2004**

| Report    | Date   | Recommendation   |
|-----------|--------|--|
| 2004-I-05 | 8/4/04 | <ol style="list-style-type: none"> <li data-bbox="654 369 1390 569">1. FLRA should focus on creating and/or updating policy for their procurement operations and providing this policy to contracting employees so that the subject employees are properly informed of changes. Contract file information should be standardized and include all submitted proposals with documented evaluations. Task orders written by FLRA managers should include evaluation criteria by which contractors will be evaluated.</li> <li data-bbox="654 596 1390 758">2. The FLRA Contracting Officer needs to understand that in spite of his authority and independence to handle claims and make final decisions, FLRA management should be informed of contract related problems and claims that have been filed against the Agency prior to processing, especially when the alternative dispute resolution process is to be used.</li> <li data-bbox="654 785 1390 947">3. FLRA management should focus more on human capital and customer oriented relationships. Also, FLRA management should be aware of and support appropriate alternative dispute resolutions for claims as they do for unfair labor practice arbitration cases which provide greater satisfaction to the filing party, innovative methods of resolving disputes and greater efficiency in achieving settlements.</li> <li data-bbox="654 974 1390 1052">4. FLRA management should ensure that senior appointed managers have knowledge and/or are provided with necessary training in the programs they are responsible for managing.</li> </ol> |

| Report         | Date    | Recommendation   |
|----------------|---------|--|
| Security Audit | 9/30/04 | <ol style="list-style-type: none"> <li>1. Chief Information Officer should develop and maintain: <ol style="list-style-type: none"> <li>a. A visitor's log that all data center visitors are required to sign upon arrival and document.</li> <li>b. An emergency contact list. Closed 9/30/04.</li> </ol> </li> <li>2. The Director of the Administrative Services Division (ASD): <ol style="list-style-type: none"> <li>a. Work with building owners and maintenance personnel to ensure that the parking garage exterior doors remain locked and secured.</li> <li>b. Install door locks on all interior door.</li> </ol> </li> <li>3. ASD develop effective policies for managing kastle keys and direct ASD security personnel to implement procedures in accordance with the policies adopted.</li> <li>4. The CIO should: <ol style="list-style-type: none"> <li>a. Fully develop disaster recovery, IT contingency, business continuity, and continuity of operations plans.</li> <li>b. Provide training to enable personnel to effectively implement all plans, and require periodic retraining.</li> <li>c. After each plan is implemented, conduct and document testing to ensure that each plan is responsive, periodically reevaluate and kept current.</li> </ol> </li> <li>5. The CIO should: <ol style="list-style-type: none"> <li>a. Perform a C &amp; A review in accordance with NIST standards and authorize the general support system for processing.</li> <li>b. Ensure that a management official authorizes in writing the use of each general support system based on an acceptance of risks identified within the system certification process as described by NIST.</li> </ol> </li> <li>6. The CIO should ensure that staff members adhere to a documented policies and procedures for performing backups of network files and mail servers.</li> <li>7. The CIO should develop a program to provide annual security awareness training to all FLRA employees in accordance with OMB requirements. In addition, the FLRA should develop proper procedures to accurately assess and report on the program's level of attendance and effectiveness.</li> <li>8. The CIO should develop a complete Security Program Plan, arrange for appropriate personnel to review it, revise the plan accordingly, and obtain approval by cognizant executive management.</li> <li>9. The CIO should develop, document, and implement an incident response plan consistent with NIST and OMB criteria.</li> <li>10. The CIO should: <ol style="list-style-type: none"> <li>a. Take immediate action to ensure timely development and implementation of policies and procedures necessary to establish and support FLRA's information security program.</li> </ol> </li> </ol> <p>proper and timely reporting to OMB and Congress.</p> |

| Report | Date | Recommendation   |
|--------|------|--|
|        |      | <p>b. Develop and implement policies and procedures to track, evaluate, and monitor FLRA's information and information systems security program in accordance with OMB A-130, Appendix III, and ensure</p> <p>11. The CIO should:</p> <ol style="list-style-type: none"> <li>a. Develop policies and procedures requiring that patches be properly tested in a test environment before being placed into production.</li> <li>b. Develop a test lab to adequately test patches.</li> <li>c. Provide training to individuals to ensure that critical functions and activities can be performed by multiple personnel.</li> </ol> <p>12. The CIO should:</p> <ol style="list-style-type: none"> <li>a. Develop and implement a formal SDLC methodology based on <ul style="list-style-type: none"> <li>- NIST guidance and ensure the policy at a minimum addresses the following elements: <ul style="list-style-type: none"> <li>- Sensitivity of data to be processed in the system.</li> <li>- Resources required for adequately securing the system.</li> <li>- Input from the equivalent of an Investment Review Board.</li> <li>- Authorizations for software modification documentation and maintenance.</li> <li>- Budget requests to include security resources for the system.</li> <li>- Security controls consistent with and integral to senior management's standards.</li> <li>- Security requirements to be included in solicitation documentation.</li> </ul> </li> </ul> </li> <li>b. Develop and implement a formal change control policy outlining the procedures needed to ensure that system configuration changes are properly documented, authorized, approved, and tested before being moved into production or implemented.</li> </ol> <p>13. The CIO should:</p> <ol style="list-style-type: none"> <li>a. Suspend access or implement adequate procedures to mitigate risks associated with the CIO's access privileges to the network domain servers and local account passwords and follow through with the Windows 2000 migration and rollout initiative to ensure that current passwords that have been compromised ( due to the departure of the network manager) do not continue to present the agency with a major security risk.</li> <li>b. Designate an SSO, ensure that a separation of duties exists among security personnel who administer the access control function, and assign necessary duties for the general support system and IT administer infrastructure security.</li> <li>c. Separate duties between user account maintenance and exception report/audit trail queries for the general support system and firewall.</li> </ol> <p>14. The CIO should:</p> <ol style="list-style-type: none"> <li>a. Develop policies and procedures requiring periodic reviews of users on the network operating system as well as their network privileges to ensure appropriate security over user access is controlled.</li> <li>b. Analyze generic accounts currently active on the network operating system to ensure that they are appropriate and that account access is controlled and monitored.</li> </ol> |

Definitions

## Action

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

## Funds Be Put To Better Use

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

## Management Decision

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

## Management Letter

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

## Questioned Costs

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

Unsupported costs, which involve inadequate documentation;

Disallowed costs, which involve an alleged violation concurred with by Managements Decision of a law, regulation, grant, contract, or another agreement; or

Unnecessary or unreasonable costs which involve unnecessary or wasteful spending.

REPORT FRAUD, WASTE, ABUSE, AND MISMANAGEMENT

TO

THE FEDERAL LABOR RELATIONS AUTHORITY

OFFICE OF THE INSPECTOR GENERAL

HOTLINE

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

202-218-7744

or write to

FLRA

Office of Inspector General

1400 K Street, N.W.

Suite 240

Washington, D.C. 20424