



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

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

Decisions of the  
FEDERAL  
LABOR  
RELATIONS  
AUTHORITY

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**UNITED STATES  
FEDERAL LABOR RELATIONS AUTHORITY**



**Performance and Accountability Report  
Fiscal Year 2016**

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## MESSAGE FROM THE CHAIRMAN



I am pleased to submit the FY 2016 Performance and Accountability Report for the Federal Labor Relations Authority (FLRA). Overall, FY 2016 was an extremely productive and successful year for the FLRA. The agency identified and pursued opportunities to achieve the goal of improved and sustainable performance excellence throughout the FLRA.

The FLRA encompasses, in one small agency, the investigator, prosecutor, adjudicator, and interest arbitrator for labor-management disputes involving 1.2 million federal employees. We are committed to fostering a productive 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).

With respect to mission performance, FY 2016 was a strong year for the FLRA. Having completely eliminated its backlog of overage cases in FY 2015, the Authority met or exceeded all of its performance goals in FY 2016. 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 it continued to close more cases than it has in previous years. And the Federal Service Impasses Panel also exceeded all of its strategic and performance goals. And the FLRA delivered nearly 300 training, outreach, and facilitation sessions to over 8,400 customers regarding rights and responsibilities under the Statute. Educating our customers is an important strategic initiative that can reduce and, in some instances, eliminate the cost of unnecessary litigation.

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 4,300 in FY 2016) would overwhelm that component without the voluntary settlement of so many by the highly regarded employees in the Regional Offices where they are processed. 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. Of course, making ADR available and making it work are two different things. And I am pleased to report that throughout the FLRA, we do *both*. In the OGC, for example, approximately 95 percent of the ULP cases and 98 percent of the representation cases in which the parties agree to use ADR settled as a result. And, in the OALJ, 74 percent of the cases in which the parties agree to use ADR provided through the Settlement Judge Program settle. As another example, 100 percent of the negotiability cases in which the parties mutually agreed to use ADR services provided by the Authority's Collaboration and Alternative Dispute Resolution Office (CADRO) resulted in full or partial resolution of the underlying dispute and closure of the pending case. And 75 percent of the CADRO arbitration cases resulted in at least partial resolution of the underlying dispute. The resolution of workplace disputes through voluntary settlements serves as a meaningful foundation for building effective and productive relationships, and for timely implementing workplace innovations without costly

delays, saving the taxpayers millions of dollars and providing efficient and effective government services to the American people.

I also proudly note – on behalf of us all – that in FY 2016 the FLRA captured the rank of #1 small agency on two important indexes in the Office of Personnel Management’s Federal Employee Viewpoint Survey (FEVS) – Employee Engagement and the New Inclusion Quotient (New IQ), which measures the inclusiveness of the work environment. We also experienced an impressive positive-ratings increase in 19 items from 2015, again had no identified challenges and 66 identified strengths, and scored above the government-wide average in 69 out of 71 questions. Moreover, the FLRA captured the rank of #3 in the Partnership for Public Service’s 2015 Best Places to Work in the Federal Government rankings, reflecting an impressive and unprecedented improvement of over 300 percent in the FLRA’s overall engagement score since 2009. This sustained progress over the seven and a half years reflects the commitment of agency leadership at all levels to manage the agency with transparency and accountability, and to truly and meaningfully engage our employees. And, consistent with the President’s Management Agenda (PMA) Cross Agency Priority (CAP) Goal on People and Culture, the FLRA continues to be a leader in creating a culture of excellence and engagement that fosters higher mission performance.

Finally, in FY 2016, the FLRA continued to implement its 2015-2018 Strategic Plan, which established, through collaborative review by agency leadership and employees – at all levels and throughout the agency – of its operations, staffing, work processes, resource allocations, and performance, strategies and goals that are designed to maximize the delivery of agency services throughout the federal government.

These accomplishments, which were achieved through the dedication, collaboration, and engagement of employees at all levels, enabled the FLRA to fulfill its statutory mission to promote stable, constructive labor-management relations for an effective and efficient government.

As 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 33 of this report. I have also made every effort to verify the accuracy and completeness of the performance data presented in this report.



Carol Waller Pope  
Chairman  
Federal Labor Relations Authority  
November 15, 2016



# **MANAGEMENT’S DISCUSSION AND ANALYSIS**

## **BACKGROUND AND MISSION**

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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 10,988 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 11,491, to administer the federal labor-management-relations program and to make final decisions on policy questions and major disputes arising under Executive Order 10,988. Executive Order 11,491, as amended, was the basis for President Carter’s proposal to Congress to create the FLRA as an independent agency.

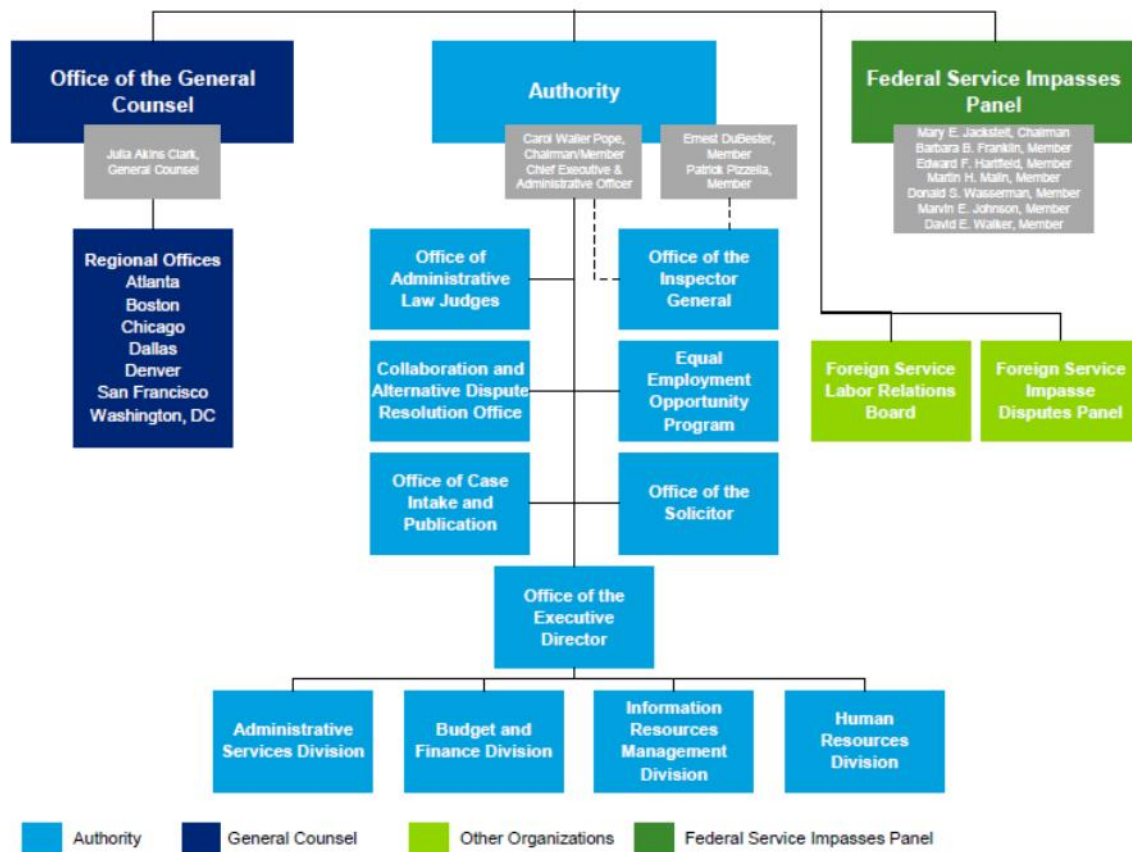
The Statute protects management’s rights, employees’ rights, and union rights. For example, the Statute protects the authority of agency management to determine, among other things, the agency’s mission, budget, organization, number of employees, and internal security practices. It also protects the 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 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. If a labor-management dispute remains unresolved for too long, then mission accomplishment at the affected agencies likely will suffer.

## **ORGANIZATIONAL STRUCTURE**

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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 Impasse Disputes Panel and the Foreign Service Labor Relations Board.



## 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 representation 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 alternative-dispute resolution (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 FLRA's staff is employed in the regions, where all ULP charges and representation petitions are filed. 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.

Atlanta Regional  
Office

Boston Regional  
Office

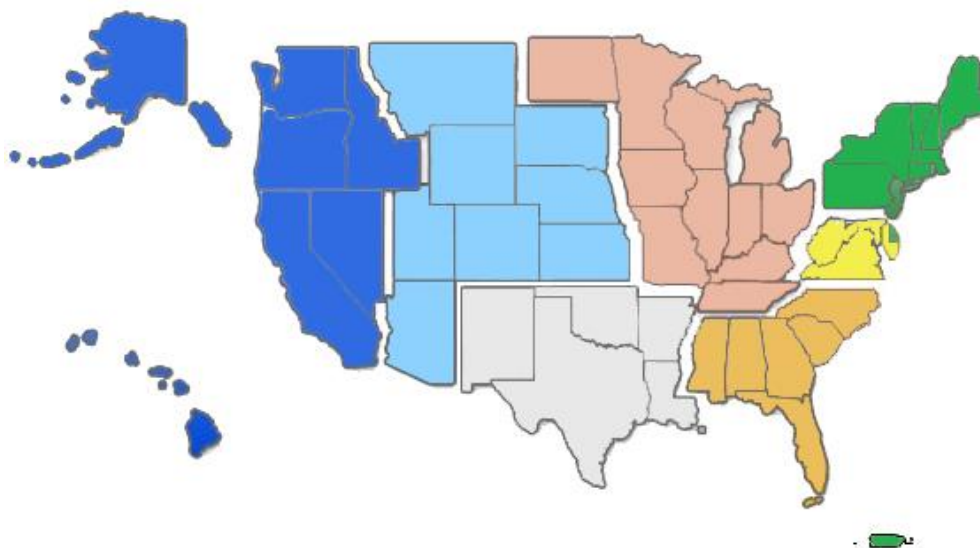
Chicago Regional  
Office

Dallas Regional  
Office

Denver Regional  
Office

San Francisco  
Regional Office

Washington DC  
Regional Office



## 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 normally comprises seven part-time Presidential appointees – a Chairman and six other Members – who are appointed for five-year 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**

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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 2016, 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.

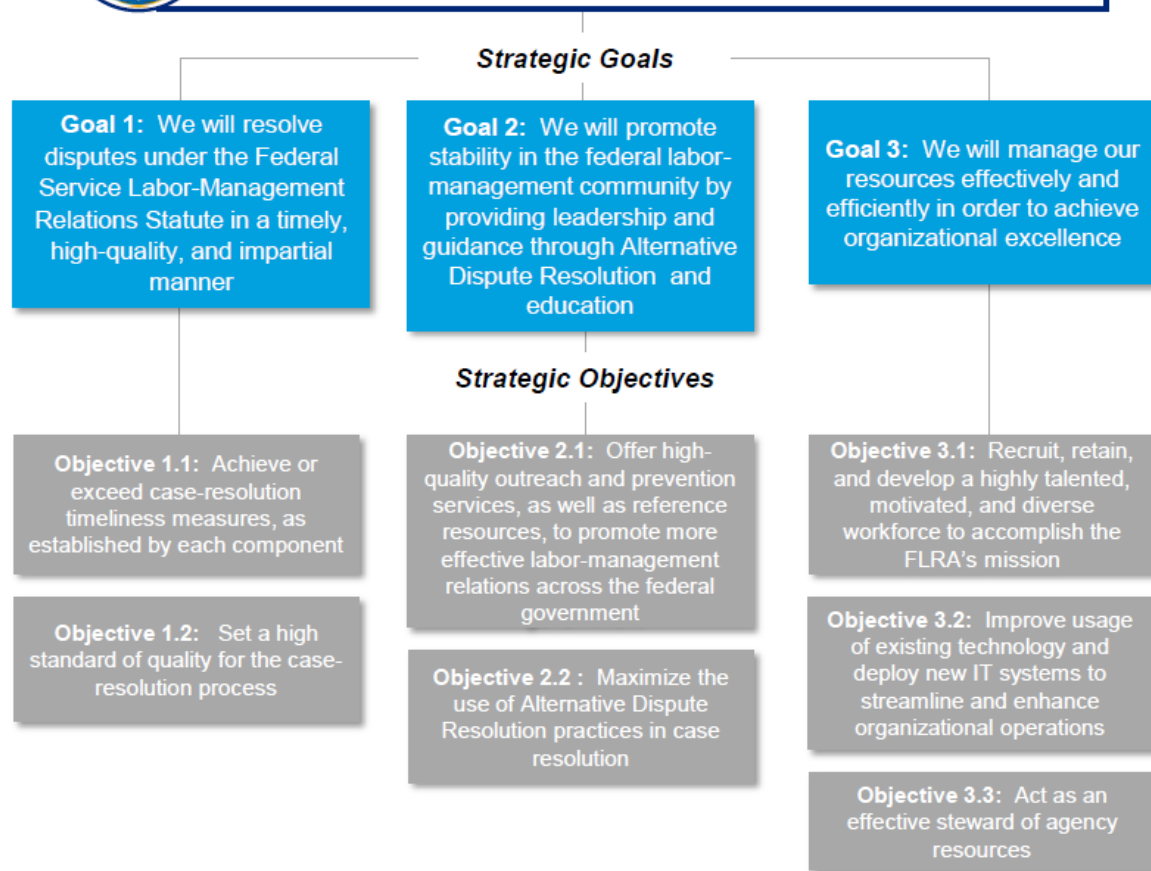
The FLRA's FY 2016 performance-planning framework is based on the agency's FY 2015 - 2018 Strategic Plan, and it is supported by the agency's Annual Performance Plan, which establishes the agency's annual performance goals and measures. The Annual Performance Plan reflects the agency's commitment to 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: decisions to target services (including training, facilitations, and on-site investigations) to certain parties or geographical locations; adjustments in workload through case transfers at the national, regional, and office levels; and reallocation of resources, including use of details, contract support, and temporary hires. As to the latter point, in FY 2016, in recognition of the upcoming retirement of one of the three FLRA ALJs, the FLRA again targeted resources, utilizing cross-component details to assist in prioritizing the caseload of the OALJ and ensuring full resolution of the retiring ALJ's case docket.



**Mission:** The FLRA promotes stable, constructive labor-management relations through the resolution and prevention of labor disputes in a manner that gives full effect to the collective-bargaining rights of employees, unions, and agencies.



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 unfair-labor-practice cases in a timely fashion.

**1.1.2:** Produce timely review and disposition of representation cases.

**1.2.2:** Resolve representation cases in a timely fashion.

**1.1.3:** Produce timely review and disposition of arbitration cases.

**1.1.4:** Produce timely review and disposition of negotiability cases.

**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**

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 permit improved employee performance and government operations through effective labor-management relations. 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.

Through the resolution of disputes, the agency's actions facilitate improvements in the government-wide delivery of services to the American public. 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 technology, 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, at every step, 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 – such as the Federal Mediation and Conciliation Service (FMCS), the Department of Veterans Affairs, 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](http://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, throughout FY 2016, IT and automation of agency processes continued 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 2016, the FLRA launched its redesigned website – [www.FLRA.gov](http://www.FLRA.gov). This effort, which included input from key internal and external stakeholders, was highly collaborative, engaging employees across all components and offices of the agency to develop improvements in the FLRA's website to promote innovative change in how the FLRA delivers its online information and services to customers. The new site is significantly more user friendly, allowing visitors to find the information that they need more quickly – with fewer mouse clicks. And it is more intuitive through improved organization of content. The new site also provides users with integrated access to all FLRA training information and other educational materials in one centralized location. And the agency implemented an online tool that allows customers, for the first time, to register for all FLRA training events directly through the website, creating efficiencies for both customers and FLRA administrative staff, who support the Agency-wide performance goal of providing 250 training sessions to over 6,000 participants annually.

The FLRA also continued to work in FY 2016 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, in FY 2016, the agency continued to execute the 4-year, 4-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 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. The FLRA's eFiling System is an important E-Government initiative that was developed to provide easier and more user-friendly access to the FLRA and its services. Every FLRA office that receives case filings – the FSIP, the Authority, the OGC, and the OALJ – is capable of receiving those filings electronically. But during Phase 1, the agency recognized that users were slow to adopt the new eFiling system, and the agency began actively seeking feedback regarding the eFiling interface and its usability. Based on that user feedback, the agency continued in FY 2016 to focus on

developing, testing, and implementing eFiling 2.0 with a new user interface (in Ruby on Rails) that was more intuitive, user-friendly, and visually appealing.

The new and improved eFiling 2.0 interface also serves as the catalyst for Phase 2, which – using the same Ruby on Rails user interface – will provide a similar, more user-friendly and intuitive interface for the agency’s electronic Case-Management System. Phase 2 also includes the 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 Document Management System will not only replace all existing network drives and folders and allow for quick access to any document, file, or email through use of its sophisticated search engines, but it will also provide 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. Consistent with its multi-year plan, in FY 2016, the FLRA procured a Document Management System – iManage – and it is on track to complete the design and implementation of this new IT system by the end of FY 2017.

Phase 3, which is targeted for completion in FY 2018, is the integration of the automated connection between the Case Management System, the eFiling System, and the Document Management System. And Phase 4 is the complete transition to 100 percent electronic case files throughout the agency, with a goal of FY 2019 for completion.

In addition, in FY 2016, the FLRA continued to leverage the Video Teleconferencing (VTC) System implemented in FY 2015 and to transition to business cable, gaining efficiencies and cost savings in travel and network costs. The VTC System saves agency travel funds and offers alternative methods for achieving agency-wide training, outreach, and intervention goals. And with the ongoing transition to business cable, the agency is achieving 5 to 10 percent savings annually for network services and reinvesting those savings to provide a back-up, secondary system for the Regional Office networks. It has also yielded faster connections for the FLRA’s Regional Offices, increasing network speeds by 50 to 80 percent. Both initiatives are key components in the agency’s effort to achieve efficiencies through use of innovative technology.

## **Human Capital**

In FY 2016, the FLRA continued its overall success and improvement 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 survey reflect 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 has 66 identified strengths (items with 65% or higher positive ratings) and no identified challenges (items with 35% or higher negative ratings). And the agency’s scores are above the government-wide average in 69 out of 71 questions. Of particular note is that: 97% of FLRA respondents report that they are held accountable for achieving results; 96% positively rate the overall quality of the work done by their work unit; 96% indicate that they are willing to put in extra effort to get a job done; 94% know how their work relates to the agency’s goals and

priorities; 94% think that the people they work with cooperate to get the job done; 94% believe that the agency is successful at accomplishing its mission; 93% find that the workforce has the job-relevant knowledge and skills necessary to accomplish organizational goals; 92% indicate that their supervisors regularly communicate with them about their performance; and 91% state that employees in their work unit share job knowledge with each other.

These results show that employees at all levels understand the mission of the FLRA, understand their role in achieving the mission, and see themselves as an integral part of achieving agency-wide success. The agency continues to credit its mission-performance successes to its high level of employee engagement. Moreover, the agency's values of transparency, open dialogue, and pre-decisional involvement allow for effective collaboration, communication, and continuous feedback around mission performance and agency operations.

As to the Employee Engagement Index, it is a measure of the conditions conducive to engagement – that is, the engagement potential of the agency's work environment. It is composed of three sub-factors: Leaders Lead, Supervisors, and Intrinsic Work Experience. Not only is the FLRA the #1 ranked small agency overall, but it is also the top-scoring agency in two of the three sub-factors – Leaders Lead and Intrinsic Work Experience.

And the FLRA's #1 small-agency ranking in terms of the "New Inclusion Quotient" (New IQ) Index 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 is 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.

Consistent with the 2016 Government-wide Inclusive Diversity Strategic Plan, in FY 2016, the FLRA used the FEVS to develop and implement a data-driven, forward-looking human-capital-management strategy that reflects a commitment to the People and Culture pillar of the President's Management Agenda (PMA). 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 2016, 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 – both professional and administrative-support staff – delivered positive agency outcomes and led numerous mission-related initiatives, including: the development and implementation of the FLRA's eFiling System; the FLRA website redesign; 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.

Again in FY 2016, 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. Position descriptions have 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. And, in FY 2016, FLRA employees continued to receive discounted tuition at the University of Maryland University College (UMUC) for self-directed study pursuant to a memorandum of understanding between the agency and UMUC.

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 2016, 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 engaged its employees 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 Authority will no longer physically circulate 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 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 2016, 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. Consistent with the 2016 Government-wide Inclusive Diversity Strategic Plan, the FLRA is using 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. The FLRA also continued to utilize both Student Pathways and summer-internship programs to accomplish mission-related initiatives throughout the agency. 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 concerning the implementation of President Obama's Executive Order 13,583, *Establishing a Coordinated Government-Wide Initiative to Promote Diversity and Inclusion in the Federal Workforce*, to develop a path forward for federal agencies to create and foster a 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 resolution and prevention of labor disputes in a manner that gives full effect to the collective-bargaining rights of employees, unions, and agencies. Accomplishing its mission in an effective and efficient manner is key to enabling the federal government, as a whole, to adapt to changing circumstances, as necessary, to continue delivering the highest quality services to the American public, consistent with President Obama's Management Agenda to deliver a more nimble, more innovative, and more accountable federal government.

### ***Mission – Case Processing & ADR***

With respect to its mission accomplishments, the FLRA as a whole has continued its significant improvement over the last seven and a half years in providing customers with timely and quality adjudication and dispute-resolution services. But, over that time period and continuing into FY 2016, the FLRA has had to overcome significant obstacles in meeting its mission requirements. In addition to increased case filings and backlogs in certain components of the agency over the years, the agency experienced a wave of key employee retirements and departures starting in FY 2013 and continuing into FY 2016. This left well over 10 percent of the FLRA's already-small workforce vacant to start FY 2014, and the agency has devoted significant effort to rebuilding its workforce throughout FY 2014, FY 2015, and FY 2016. Despite these challenges, however, in FY 2016, the FLRA overcame nearly all of these obstacles – meeting or exceeding nearly every mission-related performance goal.

- ***Authority (including OALJ, CADRO)***

The Authority began FY 2016 with no “overage” cases due in large part to its successful implementation and completion of a case-issuance strategy (an action plan) in FY 2015. That achievement enabled the Authority to meet or exceed all of its case-processing performance goals in FY 2016. In this regard, the Authority's FY 2016 goals were to issue 75 percent of arbitration, ULP, and negotiability cases within 180 days of assignment to Authority staff. The Authority met the 75 percent goal with respect to negotiability cases, and exceeded it with regard to ULP cases (89 percent) and arbitration cases (79 percent). In addition, as in previous years, the Authority continued to meet its goal – required by law to be 100 percent – of issuing

decisions, within 60 days of appeal, as to whether to grant review of FLRA Regional Directors' decisions in representation cases.

As a result of these performance successes, and consistent with the FLRA's 2015-2018 Strategic Plan, the Authority decided to change its performance measures for FY 2017 to both shorten case-processing times – from 180 to 150 days in 75 percent of non-representation cases – and to develop measures for ensuring that the cases not “captured” by those 75 percent do not significantly overage. In the latter regard, the Authority created new measures for ensuring that 95 percent of all cases issue within 365 days. In short, the Authority's FY 2016 performance successes make it well positioned to more efficiently and expeditiously process all of its cases in FY 2017.

Moreover, in FY 2016, the Authority continued to update its training materials and other educational tools. Specifically, the Authority updated 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. Additionally, the Authority continued to review and make regular updates to its Comprehensive Arbitration Training program (including instructional slides, interactive exercises, and other handouts), which it presented to its parties several times throughout the year. Further, the Authority updated its Comprehensive Negotiability Training program and delivered several training sessions to the FLRA's customers – and internal staff – in FY 2016. The currency of these materials and the provision of up-to-date, relevant training have resulted in parties being better educated about the Authority's law and case-processing requirements, which has resulted in the Authority receiving higher-quality, better-drafted briefs. That, in turn, enables the Authority to more efficiently and expeditiously process those cases.

As for the OALJ, in FY 2016, that office had a performance goal of deciding 50 percent of its cases within 180 days of issuance of a ULP complaint by the OGC. The OALJ significantly exceeded that goal, issuing decisions on 80 percent of ULP complaints within 180 days. However, the OALJ fell slightly shy of its new, “overage” performance goal of deciding 98 percent of all ULP cases within 365 days of the complaint being issued – deciding 89 percent of its decisions within that timeframe. This is because the OALJ had an ongoing effort to eliminate “overage” cases, which meant that a larger number of significantly older cases were processed to completion during the course of FY 2016. With this focus on issuing overage cases, it made it difficult for the OALJ to achieve a 98 percent rate. But the OALJ ended FY 2016 with only a single case older than 365 days, which should enable the OALJ to meet its goal in FY 2017.

With over 1,000 new cases on the docket in the last five years, the OALJ has successfully resolved cases without the need for costly litigation involving a hearing or written decision through use of the OALJ Settlement Judge Program – with ADR services administered by the CADRO. In FY 2016, in over 74 percent of cases in which the parties participated in the Settlement Judge Program, they reached agreement and fully resolved their dispute. While this fell slightly short of the goal of partial or full resolution in 89 percent of cases, that is attributable to the 42 percent drop in the number of post-complaint ULP cases in which parties requested Settlement Judge services, and it was consistent with the 30 percent drop in total cases resolved



by the OALJ during FY 2016. What remained for the Settlement Judge Program was a smaller universe of the most difficult cases to voluntarily resolve. Nevertheless, the program fully resolved 34 post-complaint ULP cases, which was only 5 cases short of the 85 percent goal. This is real evidence that the delivery of ADR services at all stages of case processing results in more effective and cost-efficient program performance for the FLRA, as well as the timely resolution of disputes for its customers. As a result, the OALJ has seen a decrease in demand for hearings even though the number of complaints issued by the OGC alleging ULPs remains high, exceeding 175 in FY 2016. For those cases that cannot be settled without a hearing, the ALJs continue to encourage the parties to request a bench decision, where appropriate under the facts of the case, to reduce the need for final written decisions.

In addition to its highly successful work with the OALJ Settlement Judge Program, the CADRO continues to have great success in helping parties before the Authority to resolve significant disputes in pending cases, most significantly in negotiability cases, but also increasingly expanding to include arbitration cases. In FY 2016, 100 percent of CADRO negotiability cases resulted in full or partial resolution of the underlying dispute and closure of the pending case – exceeding the 90-percent goal in that category.

Additionally, in FY 2016, the CADRO had goals of offering ADR services in 50 percent of “appropriate” arbitration cases, and 75 percent of “appropriate” Authority ULP cases. These goals were premised on the notion that the Authority would develop criteria for assessing the “appropriateness” of offering ADR in particular arbitration and ULP cases, and that the CADRO would then proactively contact parties and offer its services in the specified percentages of each type of case. However, the Authority has not yet developed the criteria for assessing what cases would be “appropriate” for the CADRO to affirmatively “offer” its services in; those criteria are being developed in FY 2017, if staffing and caseload characteristics permit. Therefore, in FY 2016, the CADRO did not proactively “offer” its services in any arbitration or ULP cases that the CADRO had screened for appropriateness. Nevertheless, for arbitration cases, the CADRO often receives requests for assistance from parties – or requests from Authority Member offices to intervene – in cases that have not been screened for “appropriateness” for affirmatively offering ADR services. And CADRO has a separate goal of partial or total resolution in 75 percent of the arbitration cases in which does provide services. In FY 2016, it exceeded that goal by achieving full or partial resolution in 79 percent of those cases.

Overall, in FY 2016, the CADRO resolved 34 post-complaint ULP cases, 245 disputes over proposed or disapproved contract wording in 36 negotiability cases, and 11 arbitration-exceptions cases. Almost all of these cases would have otherwise required decisions by an FLRA ALJ, the Authority, or both.

The value of the CADRO’s services goes far beyond the staff hours and the taxpayer dollars that it saves. The stakeholders in these cases were able to solve difficult problems beyond their pending legal disputes. For example, in one negotiability case concerning nine disputed provisions of a Cabinet-level agency’s national term contract, the agency and the union met with CADRO staff through a series of face-to-face and remote sessions. They not only resolved all negotiability questions in that particular case, but they also reached full agreement on all of the parties’ outstanding collective-bargaining matters and signed off on a new labor agreement

covering almost 90,000 employees. This was only one of several national term contracts that the CADRO helped parties complete during this fiscal year.

In another noteworthy case, an arbitrator found that an agency had violated the Fair Labor Standards Act. The arbitrator awarded unspecified overtime compensation plus liquidated damages to a sizable class of claimants, and he directed the parties to conduct scores of additional hearings to resolve questions about damages. Each party filed exceptions with the Authority while they continued to litigate over damages. Given the parties' 10-year litigation history and the number of arbitration awards and disputed exceptions, it is likely that formal adjudication by the Authority would have consumed an enormous amount of FLRA resources, and that a litigated resolution of remaining legal disputes would have taken years to achieve. Recognizing that litigation was likely to result in a "lose-lose" outcome, the parties jointly sought assistance from the CADRO. After careful planning and preparation, CADRO staff facilitated the engagement of nine party representatives during two days of in-person mediation. That was followed by periodic teleconferences, in lieu of costly travel – held in a matter of weeks – that ultimately produced a successful resolution of the entire matter. Agency and union representatives were both pleased by a seven-figure settlement that also included benefits for each class member.

In another case, an agency and a union still had unresolved collective-bargaining disputes after conducting multiple mediation sessions with a federal mediator from the FMCS. The union filed a ULP charge concerning the same negotiations and asked the FSIP to resolve the parties' stalled negotiations. The agency then declared 15 union proposals nonnegotiable, so the union filed a negotiability petition with the Authority. The union initially rejected the CADRO's offer of ADR services and expressed a desire proceed with litigation. The CADRO team did not give up, and the parties eventually agreed to try ADR. When the CADRO team finished, the union voluntarily withdrew 14 proposals and asked the Authority to rule on the negotiability of only the one remaining proposal.

And, in another case, the national office of a federal-sector labor union contacted the CADRO concerning its petition before the FLRA to clarify the bargaining-unit status of about 30 positions in a cabinet-level agency. The formal FLRA procedure in such cases is for the agency and the union to participate in a hearing before a representative of the OGC, after which the OGC renders a determination. The union and the agency in this case jointly expressed a desire to instead use CADRO services to collaboratively resolve the status of the 30 disputed positions. CADRO staff obtained the concurrence and participation of the OGC, and it conducted a 2-day ADR session. At the conclusion, the agency and the union fully agreed on the bargaining-unit status of all thirty positions, and the OGC ratified their agreement by issuing an amended unit certification.

Additionally, as noted above, the Authority's Members sometimes ask the CADRO to invite arbitration-exception litigants to engage in ADR. The Authority did so on at least five occasions during FY 2016, and the CADRO was able to fully resolve all of those cases. In one such case, a union took exception to an arbitration award that both parties were confident would not be disturbed by the Authority. The arbitrator dismissed the grievance on procedural grounds. Neither party initially requested ADR assistance from the FLRA, but both parties

agreed to use the CADRO's services after CADRO staff contacted them. As a result of the ADR process, the parties voluntarily agreed to a mutually beneficial solution that involved payment of almost \$50,000 to the grievant, restoration of a significant number of leave hours, reassignment of the grievant, payment of attorney fees, and mandatory training for certain managers. The parties successfully ended five years of costly litigation in a way that enabled the agency's employees to focus full attention on mission accomplishment, and produced an outcome that others in the workplace would perceive as equitable. Formally litigating the exceptions almost certainly would not have produced such an outcome.

The parties universally reported that CADRO's ADR services improve their ability to resolve important problems, make critical decisions, and develop more successful problem-solving relationships. And the CADRO's efforts serve the dual purpose of preventing unnecessary and costly litigation before the FLRA and making case processing more effective and efficient. Moreover, the CADRO also delivers "prevention" services, teaching parties techniques for effectively resolving labor-management issues on their own, without the need for third-party involvement. These types of services have helped the parties develop constructive workplace relationships that promote more effective and efficient mission performance, as well as quality of work life – real evidence that the program works.

- *OGC*

The OGC continued delivering strong results in FY 2016. The OGC met its strategic performance goals for the timely resolution of ULP and representation cases (resolving over 70% of all ULP and representation cases within 120 days of the filing date) and continued closing cases at increased rates. The OGC closed over 4,100 ULP and 220 representation cases in FY 2016. In addition, the OGC conducted 49 secret-ballot representation elections.

In conjunction with the OGC's emphasis on resolving cases in a timely and high-quality manner, the OGC has expanded its use of 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 ULP settlements and representation agreements are obvious, and the OGC aggressively pursues them.

In FY 2016, the OGC resolved over 790 ULP cases by voluntary adjustment during the investigative process. In addition, the OGC resolved 95 percent of meritorious 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 2016, an agency and a union asked the OGC to assist them in rehabilitating their relationship, which had become adversarial and dispute ridden. The OGC met with the parties on-site, engaged the parties in a collaborative effort to resolve their outstanding disputes (over 20 cases pending third-party review), and provided both knowledge and skills-enhancement training. Through the OGC's assistance, the parties resolved their outstanding disputes and embarked on a new labor-management relationship based on cooperation and respect.

- *FSIP*

In FY 2016, 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. Negotiations over successor collective-bargaining agreements are typically complex in nature, and they involve many contract articles and issues over which the parties have been negotiating for considerable lengths of time. By the time the bargaining matter reaches the FSIP, the parties have successfully reached agreement on many issues, but they are usually entrenched and polarized on the most difficult issues. Assisting the parties in reaching solutions that they will live with for years to come takes the unique skill and experience of the FSIP Members – all of whom are seasoned, professional mediators and arbitrators – who can resolve the outstanding issues quickly and effectively.

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 2016 involved office-space-related matters: how much work space will be allocated to employees; office layout; and equipment. As discussed in more detail below, recognizing this trend in bargaining-impasse disputes, the FSIP participated in a number of cross-component (OGC, Authority, FSIP) and inter-agency (GSA, FMCS) to develop and deliver various trainings and webinars on collaborating and negotiating over space-related issues.

The FSIP is free to use whatever methods and procedures it considers appropriate for quickly and effectively resolving the dispute. The FSIP most commonly resolves impasse disputes using mediation-arbitration proceedings or informal conferences conducted by FSIP Members. Mediation-arbitration is a process that allows 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 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.

This approach is consistent with the FSIP's guiding philosophy that the voluntary settlement of bargaining impasses using mediation-arbitration techniques is the most effective and efficient form of dispute resolution. In fact, in cases where the FSIP used mediation-arbitration or informal conferences to resolve federal-sector impasses, it obtained complete, voluntary settlements over 55 percent of the time. As a result of this high percentage of voluntary settlements, in FY 2016, the FSIP Members imposed contract terms on the parties in only 12 cases – approximately 10% of the FSIP's caseload. The remainder of the FSIP's cases 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.

One particularly challenging case involved the Office of the Comptroller of the Currency (OCC) and the National Treasury Employees Union (NTEU). As one of the few federal agencies that may negotiate over employee pay, the OCC was unable to reach agreement with NTEU over the issues of merit-pay increases and locality-pay increases. The parties each submitted voluminous evidence to support their respective positions and, when the parties were not able to voluntarily resolve their dispute, the FSIP Member then served as an arbitrator and crafted an Arbitration Opinion and Decision. Ultimately, his timely decision found a balance between the parties' expressed interests while timely resolving the dispute.

### ***Mission Accomplishment – Providing Training and Education across the Federal Government***

Consistent with its strategic goals, in FY 2016, 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](http://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 – 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 has 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 2016, the FLRA, as a whole, provided 280 training, outreach, and facilitation sessions to over 8,400 participants. Over the last 6 years, the FLRA has provided nearly 1,700 such sessions to nearly 50,000 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 sponsored its own training programs, including 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 (NAA). For example – recognizing that arbitration cases make up the vast majority of cases that come before the Authority, and that many arbitrators who primarily hear private-sector cases lack significant experience in federal-sector disputes and need training – Member DuBester provided targeted training to arbitrators at NAA gatherings in both Atlantic City, New Jersey, and New Orleans, Louisiana. In fact, for the New Orleans training, Member DuBester enlisted the assistance of two experienced federal-sector arbitrators, who assisted with communicating to the arbitrators “in their own language” the differences between private-sector and federal-sector arbitration.

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.

The OGC continued – and expanded – its efforts to provide timely and effective training in support of OMB's and the GSA's ongoing “Reduce the Footprint” initiative. A two-day cross-component (OGC, Authority, FSIP) and inter-agency (FMCS and GSA) workshop, conducted in July 2015, focused on resolving labor-relations issues associated with the “Reduce the Footprint” policy, office moves, and relocations in a cooperative and collaborative manner. Because this program was so successful and demand was so great, the OGC collaborated with the FMCS and the GSA to design and conduct similar two-day workshops on space management and labor relations in Boston, Chicago, Denver, and Los Angeles in FY 2016. These workshops – held in the spring of 2016 and made available at no charge to participants – featured:



- a tour of a redesigned federal space;
- an overview by GSA of its owned- and leased-space project lifecycle and key opportunities for employee engagement and labor-management collaboration;
- a review by the OGC of the statutory duty and scope of bargaining related to office moves, as well as opportunities for pre-decisional involvement (PDI) during office moves;
- training on collaborative problem-solving skills training and resources by the FMCS to support effective PDI and collective bargaining; and
- discussions with agencies and labor organizations that had recently gone through office moves about their experiences and lessons learned.

Although registration exceeded capacity for each session, more than 500 individuals participated in the workshops. Significantly, 40 percent of the attendees participated in the workshops jointly with their union or labor counterparts as “labor-management pairs.” The OGC also assisted in developing web-based versions of the training materials, and provided specialized training on office moves and relocations to labor and management representatives in a number of agencies.

The OGC has continued to provide the parties with training on their rights and responsibilities under the Statute, delivering over 100 sessions and reaching over 4,300 participants in FY 2016, including several sessions on the comprehensive *Guidance on Meetings* that it issued in FY 2015. This is a key strategic ADR and education activity as it reduces and prevents disputes through active education. The OGC also continued providing the parties with up-to-date and topical web-based resources, including revisions to its *Representation Case Law Outline*. The OGC’s web-based resources – particularly the *ULP Case Law Outline* – are go-to resources for the parties, and they have elicited much favorable feedback.

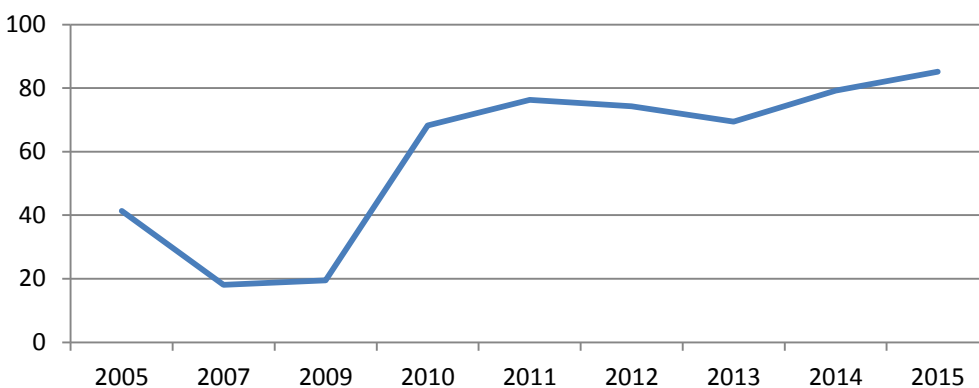
### ***Employee Engagement***

Consistent with the PMA Cross-Agency Priority (CAP) Goal on People and Culture, the FLRA is a leader in creating a culture of excellence and engagement to enable higher performance. In this connection, the FLRA is pleased to announce that it captured the #1 small-agency ranking in two important indices in the 2016 FEVS – Employee Engagement and New IQ – up from #2 in both in 2015.

The FEVS Engagement Index measures the engagement potential of an agency’s work environment, including three sub-factors – Leaders Lead, Supervisors, and Intrinsic Work Experience. In addition to scoring #1 overall, the FLRA was also the top scorer with respect to Leaders Lead – which reflects employees’ perceptions about their leaders’ integrity and behaviors with respect to communication and workforce motivation – and Intrinsic Work Experience – which reflects employees’ feelings of motivation and competency related to their role in the workplace. The “New IQ” index provides insights into employee perceptions of the inclusiveness of their agencies by looking at twenty questions that measure the five “Habits of Inclusion” – Fair, Open, Cooperative, Supportive, and Empowering. In addition to scoring #1 overall, the FLRA was the top scorer in *all five* habits of inclusion, with scores averaging 15 percent – and as much as 21 percent – higher than the average scores for all small agencies.

In addition, in 2016, the FLRA captured the rank of #3 small agency in the Partnership for Public Service’s 2015 Best Places to Work in the Federal Government rankings – up from #5 in 2014. With an overall employee-satisfaction score of 85.2 percent, the FLRA exceeded a key objective of the People and Culture CAP Goal of the PMA to improve employee engagement government-wide to 67 percent by 2016. This extraordinary accomplishment reflects a dramatic and unprecedented improvement of over 300 percent since 2009 – the year in which the FLRA placed last in the survey. And it reflects the ongoing and sustained commitment of agency leadership at all levels to improving employee satisfaction and morale – as measured by OPM’s FEVS – on an ongoing basis by comprehensively analyzing FEVS data and using additional internal surveys to target selected areas for improvement, develop and implement solutions, and review progress. This commitment, which began in 2009, resulted first in the FLRA being named the 2010 Most Improved Small Agency. Building on that success in 2011, the agency once again placed among the top of the most improved small agencies, and in 2012 and 2013, it captured the #7 and #8 small-agency rankings, respectively, before being named #5 in 2014 and #3 in 2015.

### ***Best Places to Work Score***



Most notable for 2015 were the FLRA’s rankings for the key workplace categories.

The FLRA ranked #1 in:

- Effective Leadership, which also included a #1 ranking in three subcategories – Leadership Fairness, Senior Leaders, and Supervisors
- Pay
- Strategic Management
- Teamwork
- Training and Development
- Performance-Based Rewards and Advancement

And the FLRA ranked #2 in:

- Employee Skills – Mission Match
- Effective Leadership – Empowerment
- Work-Life Balance
- Support for Diversity

The FLRA's dramatic and sustained improvement with respect to employee engagement and satisfaction over the last seven and a half 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.

And although the FLRA already has a highly engaged workforce, the agency continued to look for ways to improve upon its successes in this area in FY 2016. Consistent with an agency-wide focus on targeting areas of weakness identified in the survey, the FLRA addresses areas of weakness or concern in full collaboration with employees at all levels through its own Labor-Management Forum. In this connection, guided by the FLRA's 2015 - 2018 Strategic Plan – which serves as the framework for sustaining, embedding, and continuing to improve upon the FLRA's impressive employee-engagement scores and the associated mission results – the FLRA's Labor-Management Forum continues its work annually to review the FEVS scores and develop agency-wide action plans to address areas of focus. As an example, the FLRA placed special emphasis in FY 2016 on strengthening supervisory skills and improving the supervisor-employee relationship, especially as it relates to giving and receiving feedback on performance.

In addition, the agency launched the “FLRA Leadership Initiative” in FY 2016 – an agency-wide initiative, conceived and led by employees, in collaboration with the agency's Labor-Management Forum, and supported by the agency's Presidential leadership. The initiative serves as a companion to the agency's ongoing employee skills-based training and executive-development succession-planning offerings. It seeks to empower non-supervisory FLRA employees who are interested in developing their leadership skills to engage with one another at monthly meetings through examinations of the agency's views on effective leadership and collaborative study of leadership texts and principles, recognizing that leadership is a learned or acquired ability. The FLRA Leadership Initiative is driven by the acknowledgement that a great organization is a group of all leaders, each with different responsibilities – and so the FLRA is strongest and most effective when it develops leaders at all levels of the agency.

Also during FY 2016, the FLRA implemented a “details initiative,” which enabled employees in all components to participate in developmental and workload-driven details to the various components and offices within the FLRA, including the OGC, the FSIP, the Authority Chairman and Member offices, CIP, the CADRO, and the OALJ. A number of the details permitted non-supervisory employees to perform in supervisory roles, which is key to the FLRA's employee-training-and-development and succession-planning efforts, developing strategies to

maximize the transfer of institutional knowledge. In addition, it is a strong example of the FLRA’s efforts to develop staff expertise in order to ensure nimble and seamless deployment of the FLRA’s human-capital resources to support mission outcomes.

Performance Outcome Measures	FY 2016 Target	FY 2016 Actual	Result
<b>Strategic Goal 1:</b> We will resolve disputes under the statute in a timely, high-quality, and impartial manner.			
<b>Performance Goal 1.1:</b> Produce timely review and disposition of <i>unfair-labor-practice cases</i> .			
<b>Measure 1.1:</b> 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.	72%	71%	Met
<b>Measure 1.2:</b> 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%	100%/100%	Exceeded/ Met
<b>Measure 1.3:</b> The percentage of ULP complaints issued by the General Counsel decided in the OALJ within 180 days of the complaint being issued.	50%	80%	Exceeded
<b>Measure 1.4:</b> The percentage of ULP cases decided within 180 days of assignment to an Authority Member.	75%	89%	Exceeded

Performance Outcome Measures	FY 2016 Target	FY 2016 Actual	Result
<b>Performance Goal 2.1:</b> Resolve overage <i>unfair-labor-practice cases</i> in a timely fashion.			
<b>Measure 1.1:</b> 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
<b>Measure 2.2:</b> The percentage of ULP complaints issued by the General Counsel decided in the OALJ within 365 days of the complaint being issued.	98%	89%	Not Met
<b>Performance Goal 1.2:</b> Produce timely review and disposition of <i>representation cases</i> .			
<b>Measure 1.5:</b> 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%	73%	Exceeded
<b>Measure 1.6:</b> 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 2016 Target	FY 2016 Actual	Result
<b>Performance Goal 2.2:</b> Resolve overage <i>representation cases</i> in a timely fashion.			
<b>Measure 2.3:</b> 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.	95%	98%	Exceeded
<b>Performance Goal 1.3:</b> Produce timely review and disposition of <i>arbitration cases</i> .			
<b>Measure 1.7:</b> The percentage of arbitration cases decided within 180 days of assignment to an Authority Member.	75%	79%	Exceeded
<b>Performance Goal 1.4:</b> Produce timely review and disposition of <i>negotiability cases</i> .			
<b>Measure 1.8:</b> The percentage of negotiability cases decided within 180 days of assignment to an Authority Member.	75%	75%	Met
<b>Performance Goal 1.5:</b> Produce timely review and disposition of <i>bargaining-impasse cases</i> .			
<b>Measure 1.9:</b> The percentage of bargaining-impasse cases, in which jurisdiction is declined, closed within 140 days of the date filed.	80%	100%	Exceeded



Performance Outcome Measures	FY 2016 Target	FY 2016 Actual	Result
<b>Measure 1.10:</b> The percentage of bargaining-impasse cases voluntarily settled after jurisdiction has been asserted within 160 days of the date filed.	70%	100%	Exceeded
<b>Measure 1.11:</b> The percentage of bargaining-impasse cases resolved through a final action closed within 200 days of the date filed.	70%	100%	Exceeded
<b>Strategic Goal 2:</b> We will promote stability in the federal labor-management community by providing leadership and guidance through <i>ADR and Education</i> .			
<b>Performance Goal 1.1:</b> Provide targeted access to training, outreach, and facilitation activities within the labor-management community.			
<b>Measure 1.1:</b> The number of training, outreach, and facilitation activities conducted.	250	280	Exceeded
<b>Measure 1.2:</b> The number of participants involved in training, outreach, and facilitation activities.	6,000	8,440	Exceeded
<b>Performance Goal 2.1:</b> Successfully resolve a significant portion of FLRA cases through ADR.			
<b>Measure 2.1:</b> 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%	98%	Exceeded
<b>Measure 2.2:</b> 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%	74%	Not Met

Performance Outcome Measures	FY 2016 Target	FY 2016 Actual	Result
<b>Measure 2.3:</b> 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
<b>Measure 2.4:</b> The percentage of appropriate ULP cases in the Authority in which ADR services are offered.	75%	N/A	
<b>Measure 2.5:</b> The percentage of ULP cases in the Authority in which ADR services are provided that are partially or totally resolved.	85%	N/A	
<b>Measure 2.6:</b> The percentage of appropriate arbitration cases in which ADR services are offered.	50%	N/A	
<b>Measure 2.7:</b> The percentage of arbitration cases in which an offer of ADR services is accepted by the parties that are partially or totally resolved.	75%	79%	Exceeded
<b>Measure 2.8:</b> The percentage of appropriate negotiability cases in which ADR services are offered.	100%	100%	Met
<b>Measure 2.9:</b> The percentage of negotiability cases in which ADR services are provided that are partially or totally resolved.	90%	100%	Exceeded

Performance Outcome Measures	FY 2016 Target	FY 2016 Actual	Result
<b>Measure 2.10:</b> The percentage of bargaining-impasse cases in which parties' disputes are totally resolved voluntarily.	30%	27%	Met
<b>Strategic Goal 3:</b> We will manage our resources effectively and efficiently in order to achieve organizational excellence.			
<b>Performance Goal 1:</b> Recruit, retain, and develop a highly talented, motivated, and diverse workforce to accomplish the FLRA's mission.			
<b>Measure 1.1:</b> Demonstrate strong recruitment and retention practices.	<p>Promote a diverse applicant pool by identifying student and professional groups aimed at increasing diversity; delivering targeted information sessions semi-annually; and sharing 100 percent of job announcements with affinity groups each year.</p> <p>Deliver a robust onboarding program to 100 percent of new hires that strengthens knowledge of the agency's programmatic and operational offices.</p> <p>Foster an inclusive environment within the agency by including diversity and inclusion metrics in 100 percent of managers' performance plans.</p>	Find a detailed description on pages 52-53.	Met
<b>Measure 1.2:</b> Maintain and grow agency expertise through employee development.	Provide formal opportunities for employees to engage professionally across components (e.g.,	Find a detailed description on pages 53-54.	Met

Performance Outcome Measures	FY 2016 Target	FY 2016 Actual	Result
	<p>through participation in cross-component task forces, detail assignments, training delivery, and rotational opportunities).</p> <p>100 percent of new managers and supervisors complete leadership training within their first year of being promoted.</p> <p>Maintain sustained growth of positive responses to the OPM FEVS question “supervisors in my work unit support employee development.”</p>		
<b>Performance Goal 2:</b> Improve use of existing technology and deploy new it systems to streamline and enhance organizational operations.			
<b>Measure 2.1:</b> Expand the use of eFiling. FY 2012	50% of cases eFiled.	22% of cases eFiled.	Not Met

## FINANCIAL ANALYSIS

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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 2015 and FY 2016. 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 \$4.7 million at the end of FY 2016 from \$3.9 million at the end of FY 2015. The agency did not make any new fixed-asset purchases in FY 2016, while the net book value of property and equipment already owned experienced further depreciation.

Assets as of September 30,	2016	2015
Fund balance with the Treasury	\$4,447,303	\$3,479,882
General property and equipment	312,839	448,644
Prepaid expenses	0	0
Accounts receivable	35,868	18,964
<b>Total</b>	<b>\$4,796,010</b>	<b>\$3,947,490</b>

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 \$3.8 million in FY 2015, and \$4.2 million in FY 2016.

Liabilities as of September 30,	2016	2015
Unfunded leave	\$1,333,158	\$1,374,235
FECA liability	1,371,225	1,288,603
Accrued payroll and benefits	1,038,339	588,753
Accounts payable	503,126	572,313
<b>Total</b>	<b>\$4,245,848</b>	<b>\$3,823,904</b>

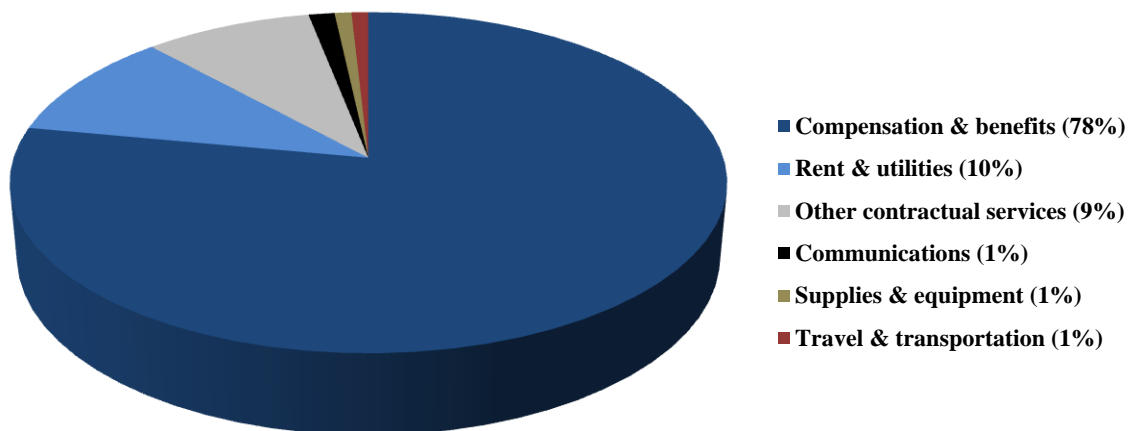
Totals may not add due to rounding.

The FLRA's total net position at the end of FY 2016 was \$550 thousand, a \$426 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 2016 was \$26.6 million, a \$428 thousand decrease over the agency's FY 2015 cost of operations. In FY 2016, 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 2016 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 remained relatively constant from FY 2015 to FY 2016, totaling \$2.3 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 \$585 thousand in total, unexpended agency appropriations in FY 2016.

## **Statement on Budgetary Resources**

The Statement on Budgetary Resources reports the budgetary resources available to the FLRA during FY 2015 and FY 2016 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 \$27.6 million in total budgetary resources available to it in FY 2016. The agency incurred obligations of \$25.2 million in FY 2016, while recording outlays of \$24.9 million. Total budgetary resources increased by \$30 thousand FY 2016, due primarily from recovery of unpaid, prior-year obligations.

## **MANAGEMENT ASSURANCES**

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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, 2016, 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.



Carol Waller Pope  
Chairman  
November 15, 2016



# 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 2012	FY 2013	FY 2014	FY 2015	FY 2016
Cases pending, start of year	1,453	1,488	1,570	1,425	1,178
Charges filed	<u>4,375</u>	<u>4,659</u>	<u>4,696</u>	<u>4,418</u>	<u>4,345</u>
<b>Total caseload</b>	<b>5,828</b>	<b>6,147</b>	<b>6,266</b>	<b>5,843</b>	<b>5,523</b>
Charges withdrawn/settled	3,377	3,646	3,779	3,662	3,268
Charges dismissed	732	673	809	800	749
Complaints issued	<u>231</u>	<u>258</u>	<u>253</u>	<u>203</u>	<u>173</u>
<b>Total cases closed</b>	<b>4,340</b>	<b>4,577</b>	<b>4,841</b>	<b>4,665</b>	<b>4,190</b>
<b>Cases pending, end of year</b>	<b>1,488</b>	<b>1,570</b>	<b>1,425</b>	<b>1,178</b>	<b>1,333</b>
OALJ	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Cases pending, start of year	72	115	120	105	62
Cases received from the OGC	<u>240</u>	<u>271</u>	<u>260</u>	<u>222</u>	<u>179</u>
<b>Total caseload</b>	<b>312</b>	<b>386</b>	<b>380</b>	<b>327</b>	<b>241</b>
Settlements before decision	177	223	245	187	130
Cases closed by decision	<u>20</u>	<u>43</u>	<u>30</u>	<u>78</u>	<u>51</u>
<b>Total cases closed</b>	<b>197</b>	<b>266</b>	<b>275</b>	<b>265</b>	<b>181</b>
<b>Cases pending, end of year</b>	<b>115</b>	<b>120</b>	<b>105</b>	<b>62</b>	<b>60</b>

Authority	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Cases pending, start of year	6	2	12	13	24
Exceptions filed	<u>20</u>	<u>27</u>	<u>27</u>	<u>62</u>	<u>45</u>
<b>Total caseload</b>	<b>26</b>	<b>29</b>	<b>39</b>	<b>75</b>	<b>69</b>
Cases closed procedurally	16	16	18	37	51
Cases closed based on merits	<u>8</u>	<u>1</u>	<u>8</u>	<u>14</u>	<u>9</u>
<b>Total cases closed</b>	<b>24</b>	<b>17</b>	<b>26</b>	<b>51</b>	<b>60</b>
<b>Cases pending, end of year</b>	<b>2</b>	<b>12</b>	<b>13</b>	<b>24</b>	<b>9</b>

**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 2012	FY 2013	FY 2014	FY 2015	FY 2016	
Actual	Actual	Actual	Actual	Target	Actual
61%	68%	67%	72%	72%	71%

Data Source: Case Management System (CMS)

**Target: Met.**

**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 2012	FY 2013	FY 2014	FY 2015	FY 2016	
Actual	Actual	Actual	Actual	Target	Actual
99%/100%	100%/100%	98%/100%	98%/100%	95%/100%	100%/100%

Data Source: CMS

**Target: Exceeded/Met.**

**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		*Clarified measure beginning in FY 2016
Target	Actual	
50%	80%	

Data Source: CMS

**Target: Exceeded.**

**Measure 1.4:** The percentage of ULP cases decided within 180 days of assignment to an Authority Member.

FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	
Actual	Actual	Actual	Actual	Target	Actual
75%	100%	50%	57%	75%	89%

Data Source: CMS

**Target: Exceeded.**

## **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		*New measure beginning in FY 2016
Target	Actual	
95%	95%	

Data Source: CMS

**Target: Exceeded.**

**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		*New measure beginning in FY 2016
Target	Actual	
98%	89%	

Data Source: CMS

**Target: Not Met.** The OALJ did not meet this goal in FY 2016 because of its ongoing effort to eliminate “overage” cases, which meant that a larger number of significantly older cases were processed to completion during the course of FY 2016. With this focus on issuing overage cases, it made it difficult for the OALJ to achieve a 98 percent rate. But the OALJ ended FY 2016 with only 1 case older than 365 days, which should enable the OALJ to meet its FY 2017 goal for this measure.

## 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 2012	FY 2013	FY 2014	FY 2015	FY 2016
Cases pending, start of year	82	89	89	65	70
Petitions filed	<u>290</u>	<u>253</u>	<u>235</u>	<u>225</u>	<u>265</u>
<b>Total caseload</b>	<b>372</b>	<b>342</b>	<b>324</b>	<b>290</b>	<b>335</b>
Petitions withdrawn	115	106	118	95	112
Cases closed based on merits	<u>168</u>	<u>147</u>	<u>141</u>	<u>125</u>	<u>111</u>
<b>Total cases closed</b>	<b>283</b>	<b>253</b>	<b>259</b>	<b>220</b>	<b>223</b>
<b>Cases pending, end of year</b>	<b>89</b>	<b>89</b>	<b>65</b>	<b>70</b>	<b>112</b>

Authority	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Cases pending, start of year	6	0	9	7	2
Applications for review	<u>6</u>	<u>11</u>	<u>13</u>	<u>16</u>	<u>6</u>
<b>Total caseload</b>	<b>12</b>	<b>11</b>	<b>22</b>	<b>23</b>	<b>8</b>
Cases closed procedurally	0	1	2	2	0
Cases closed based on merits	<u>12</u>	<u>1</u>	<u>13</u>	<u>19</u>	<u>8</u>
<b>Total cases closed</b>	<b>12</b>	<b>2</b>	<b>15</b>	<b>21</b>	<b>8</b>
<b>Cases pending, end of year</b>	<b>0</b>	<b>9</b>	<b>7</b>	<b>2</b>	<b>0</b>

**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 2012	FY 2013	FY 2014	FY 2015	FY 2016	
Actual	Actual	Actual	Actual	Target	Actual
62%	60%	66%	72%	70%	73%

Data Source: CMS

**Target: Exceeded.**

**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 2012	FY 2013	FY 2014	FY 2015	FY 2016	
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.

<b>Measure 2.3:</b> 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.*		
<b>FY 2016</b>		<b>*New measure beginning in FY 2016</b>
<b>Target</b>	<b>Actual</b>	
95%	98%	
Data Source: CMS		
<b>Target: Exceeded.</b>		

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

Either party to grievance arbitration may file with the Authority an exception to (or an appeal of) 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.

<b>Authority</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>
Cases pending, start of year	66	40	123	90	50
Exceptions filed	<u>107</u>	<u>124</u>	<u>89</u>	<u>99</u>	<u>86</u>
<b>Total caseload</b>	<b>173</b>	<b>164</b>	<b>212</b>	<b>189</b>	<b>136</b>
Cases closed procedurally	24	19	16	15	21
Cases closed based on merits	<u>109</u>	<u>22</u>	<u>106</u>	<u>124</u>	<u>75</u>
<b>Total cases closed</b>	<b>133</b>	<b>41</b>	<b>122</b>	<b>139</b>	<b>96</b>
<b>Cases pending, end of year</b>	<b>40</b>	<b>123</b>	<b>90</b>	<b>50</b>	<b>40</b>

**Measure 1.7:** The percentage of arbitration cases decided within 180 days of assignment to an Authority Member.

FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	
Actual	Actual	Actual	Actual	Target	Actual
58%	91%	34%	40%	75%	79%
Data Source: CMS					
<b>Target: Exceeded.</b>					

**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 2012	FY 2013	FY 2014	FY 2015	FY 2016
Cases pending, start of year	15	8	9	17	23
Petitions filed	45	30	43	54	55
<b>Total caseload</b>	<b>60</b>	<b>38</b>	<b>52</b>	<b>71</b>	<b>78</b>
Cases closed procedurally	38	27	29	40	47
Cases closed based on merits	14	2	6	8	4
<b>Total cases closed</b>	<b>52</b>	<b>29</b>	<b>35</b>	<b>48</b>	<b>51</b>
<b>Cases pending, end of year</b>	<b>8</b>	<b>9</b>	<b>17</b>	<b>23</b>	<b>27</b>

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

FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	
Actual	Actual	Actual	Actual	Target	Actual
50%	80%	60%	50%	75%	75%
Data Source: CMS					
<b>Target: Met.</b>					

**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 2012	FY 2013	FY 2014	FY 2015	FY 2016
Cases pending, start of year	53	38	40	28	33
Impasses filed	<u>176</u>	<u>194</u>	<u>134</u>	<u>139</u>	<u>142</u>
<b>Total caseload</b>	<b>229</b>	<b>232</b>	<b>174</b>	<b>167</b>	<b>175</b>
<b>Cases closed</b>	<b><u>191</u></b>	<b><u>192</u></b>	<b><u>146</u></b>	<b><u>134</u></b>	<b><u>134</u></b>
<b>Cases pending, end of year</b>	<b>38</b>	<b>40</b>	<b>28</b>	<b>33</b>	<b>41</b>

**Measure 1.9:** The percentage of bargaining-impasse cases, in which jurisdiction is declined, closed within 140 days of the date filed.

FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	
Actual	Actual	Actual	Actual	Target	Actual
92%	95%	89%	100%	80%	100%

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 2012	FY 2013	FY 2014	FY 2015	FY 2016	
Actual	Actual	Actual	Actual	Target	Actual
86%	97%	68%	100%	70%	100%

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 2012	FY 2013	FY 2014	FY 2015	FY 2016	
Actual	Actual	Actual	Actual	Target	Actual
77%	87%	61%	100%	70%	100%
Data Source: CMS					
<b>Target: Exceeded.</b>					

***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 2012	FY 2013	FY 2014	FY 2015	FY 2016	
Actual	Actual	Actual	Actual	Target	Actual
221	302	225	306	250	280
Data Source: CMS					
<b>Target: Exceeded.</b>					

**Measure 1.2:** The number of participants involved in training, outreach, and facilitation activities.

FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	
<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Target</b>	<b>Actual</b>
8,933	5,976	5,114	8,294	6,000	8,440
Data Source: CMS					
<b>Target: Exceeded.</b>					

**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 ULP cases in the OGC in which an offer of ADR services is accepted by the parties that are partially or totally resolved.

FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	
<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Target</b>	<b>Actual</b>
97%	98%	98%	96%	95%	98%
Data Source: CMS					
<b>Target: Exceeded.</b>					

**Measure 2.2:** 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.

FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	
Actual	Actual	Actual	Actual	Target	Actual
80%	78%	96%	87%	85%	74%

Data Source: CMS

**Target: Not Met.** During FY 2016, the OALJ experienced a 42% drop in the number of post-complaint ULP cases in which parties requested Settlement-Judge services. This was consistent with the 30% drop in total cases resolved by the OALJ during FY 2016. What remained for the Settlement-Judge program was a smaller universe of the most difficult cases to voluntarily resolve. Nevertheless, the program fully resolved 34 post-complaint ULP cases, which was only 5 cases short of the 85% target.

**Measure 2.3:** 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.

FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	
Actual	Actual	Actual	Actual	Target	Actual
91%	100%	100%	96%	95%	100%

Data Source: CMS

**Target: Exceeded.**

**Measure 2.4:** The percentage of appropriate ULP cases in the Authority in which ADR services are offered.\*

FY 2016		*New measure beginning in FY 2016
Target	Actual	
75%	N/A	

Data Source: CMS

**Target:** The FLRA does not currently identify incoming ULP cases as appropriate for ADR services, but it is developing measures for identification of such cases for use in FY 2017, if staffing and caseload characteristics permit.

**Measure 2.5:** The percentage of ULP cases in the Authority in which ADR services are provided that are partially or totally resolved.\*

FY 2016		*New measure beginning in FY 2016
Target	Actual	
85%	N/A	

Data Source: CMS

**Target:** The FLRA does not currently identify incoming ULP cases as appropriate for ADR services, but it is developing measures for identification of such cases for use in FY 2017, if staffing and caseload characteristics permit.

**Measure 2.6:** The percentage of appropriate arbitration cases in which ADR services are offered.\*

FY 2016		*New measure beginning in FY 2016
Target	Actual	
50%	N/A	

Data Source: CMS

**Target:** The FLRA does not currently identify incoming arbitration cases as appropriate for ADR services, but it is developing measures for identification of such cases for use in FY 2017, if staffing and caseload characteristics permit.

**Measure 2.7:** The percentage of arbitration cases in which an offer of ADR services is accepted by the parties that are partially or totally resolved.

FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	
Actual	Actual	Actual	Actual	Target	Actual
N/A	100%	80%	43%	75%	79%

Data Source: CMS

**Target: Exceeded.**

**Measure 2.8:** The percentage of appropriate negotiability cases in which ADR services are offered.\*

FY 2016		*New measure beginning in FY 2016
Target	Actual	
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 2012	FY 2013	FY 2014	FY 2015
Actual	Actual	Actual	Actual
100%	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		*New measure beginning in FY 2016
Target	Actual	
90%	100%	

Data Source: CMS

**Target: Exceeded.**

**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 2012	FY 2013	FY 2014	FY 2015
Actual	Actual	Actual	Actual
32%	28%	27%	39%

**Measure 2.10:** The percentage of bargaining-impasse cases in which parties' disputes are totally resolved voluntarily.\*

FY 2016		*New measure beginning in FY 2016
Target	Actual	
30%	27%	

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 40 percent of the FLRA's workforce has been with

the agency for five years or less, and many of the agency’s most experienced employees are currently eligible to retire. 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.**

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Over the last seven and a half 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.

<b>FY 2012</b>	<b>Actual</b>	Enhanced development offerings, to include competency-based training, career-ladder developmental programs, and continuation of HR workshops and educational brown-bags. Drafted and implemented a five-year Diversity and Inclusion Strategic Plan to make the agency a more inclusive and inviting workplace for all of its employees. Increased diversity by hiring summer student interns, in some cases using targeted minority-hiring strategies. Expanded developmental offerings, to include attorney details.
<b>FY 2013</b>	<b>Actual</b>	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.
<b>FY 2014</b>	<b>Actual</b>	<p>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.</p>
<b>FY 2015</b>	<b>Actual</b>	<p>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</p>

		<p>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.</p>
<p><b>Measure 1.1: Demonstrate strong recruitment and retention practices.</b></p>		
<p style="text-align: right;"><b>*New measure beginning in FY 2016</b></p>		
<p><b>FY 2016</b></p>	<p><b>Target</b></p>	<p>Promote a diverse applicant pool by identifying student and professional groups aimed at increasing diversity; delivering targeted information sessions semi-annually; and sharing 100 percent of job announcements with affinity groups each year.</p> <p>Deliver a robust onboarding program to 100 percent of new hires that strengthens knowledge of the agency’s programmatic and operational offices.</p> <p>Foster an inclusive environment within the agency by including diversity and inclusion metrics in 100 percent of managers’ performance plans.</p>
	<p><b>Actual</b></p>	<p>In FY 2016, the FLRA strengthened its diversity and inclusion recruitment efforts, establishing and implementing a process for sharing job announcements with relevant affinity groups. The FLRA is continuing to enhance its strategic and targeted recruitment and posting job opportunities with career-planning and placement services, local colleges and universities, and professional affinity-group organizations. The FLRA is also using data to help identify and eliminate barriers to recruiting and hiring the diverse talent that it needs.</p> <p>The FLRA is working to strengthen its operational offices, seeking feedback through semi-annual and point-of-service surveys. Efforts are underway to revise and implement a robust agency-wide onboarding program, which will include briefings and continuing educational opportunities for employees to strengthen their knowledge of the FLRA.</p> <p>The FLRA strengthened its recognition and promotion of cultural-based celebrations, establishing an employee-driven initiative to develop and promote events and activities. The FLRA targeted efforts to educate managers about, and increase diversity and inclusion when, seeking new agency talent, and it continued efforts to train agency staff at all levels on key diversity and inclusion issues. And manager performance plans</p>



		<p>have been revised to include diversity-and- inclusion-focused metrics. Much of the FLRA’s success is reflected in its #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 is the top-ranking small-agency for <i>each</i> 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.</p>
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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**

<b>FY 2016</b>	<b>Target</b>	<p>Provide formal opportunities for employees to engage professionally across components (e.g., through participation in cross-component task forces, detail assignments, training delivery, and rotational opportunities).</p> <p>100 percent of new managers and supervisors complete leadership training within their first year of being promoted.</p> <p>Maintain sustained growth of positive responses to the OPM FEVS question “supervisors in my work unit support employee development.”</p>
	<b>Actual</b>	<p>In FY 2016, the FLRA 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.</p> <p>The FLRA continued its robust training initiative focusing on leadership and skills development. It addressed temporary mission needs, maximizing Student Pathways and student-internship programs, and utilizing developmental details within its existing workforce. All new managers and supervisors were provided with leadership-training opportunities, and the FLRA’s executive-training plans are ongoing and are aimed at developing executive-level talent among the FLRA’s existing workforce.</p>

		<p>In FY 2016, the FLRA 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 reflect 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 has 66 identified strengths (items with 65% or higher positive ratings) and no identified challenges (items with 35% or higher negative ratings). And the agency’s scores are above the government-wide average in 69 out of 71 questions. Of particular note is that: 97% of FLRA respondents report that they are held accountable for achieving results; 96% positively rate the overall quality of the work done by their work unit; 96% indicate that they are willing to put in extra effort to get a job done; 94% know how their work relates to the agency’s goals and priorities; 94% think that the people they work with cooperate to get the job done; 94% believe that the agency is successful at accomplishing its mission; 93% find that the workforce has the job-relevant knowledge and skills necessary to accomplish organizational goals; 92% indicate that their supervisors regularly communicate with them about their performance; and 91% state that employees in their work unit share 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% over 2015.</p>
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Data Source: FLRA Human Resources Division

**Target: Met.**

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

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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 plan to accomplish the transition to fully electronic case files in 4 agile phases over 4 years.

**Measure 2.1: Expand the use of eFiling.**

<b>FY 2012</b>	<b>Actual</b>	Completed development of Authority and OGC eFiling capability. Began testing eFiling capability with customers.
<b>FY 2013</b>	<b>Actual</b>	10% of cases eFiled.
<b>FY 2014</b>	<b>Actual</b>	12% of cases eFiled.
<b>FY 2015</b>	<b>Actual</b>	17% of cases eFiled.
<b>FY 2016</b>	<b>Target</b>	50% of cases eFiled.
	<b>Actual</b>	22% of cases eFiled.

Data Source: CMS

**Target: Not Met.** Although the FLRA did not meet its FY 2016 performance target as an agency, 44 percent of Authority cases and 100 percent of OALJ cases were filed electronically in FY 2016.

**Measure 2.2: Electronic end-to-end case processing.**

<b>FY 2012</b>	<b>Actual</b>	Enhanced the CMS to provide the structure that supports end-to-end electronic case processing.
<b>FY 2013</b>	<b>Actual</b>	Conducted a pilot program on end-to-end case processing.
<b>FY 2014</b>	<b>Actual</b>	Migrated the CADRO to an end-to-end electronic case file.
<b>FY 2015</b>	<b>Actual</b>	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.
<b>FY 2016</b>	<b>Target</b>	Maintain and enhance the CMS and eFiling systems, and implement an agency Document Management System.
	<b>Actual</b>	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. This effort will span into FY 2017, and it is a critical step in accomplishing the FLRA's multi-year electronic-case-file plan.

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

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The FLRA's FY 2016 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, 2016, and how the agency's financial resources were expended to achieve performance results. For the twelfth consecutive year, the FLRA has received an unmodified audit opinion on its financial statements. Along with the unmodified 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 2017 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.



Carol Waller Pope  
Chairman and Chief Financial Officer  
November 15, 2016

**Federal Labor Relations Authority**  
**BALANCE SHEET**  
(in dollars)

**As of September 30, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
<b>Assets:</b>		
Intragovernmental:		
Fund balance with the Treasury (Note 2)	\$4,447,303	\$3,479,882
Accounts receivable (Note 3)	32,833	16,903
Prepaid expenses	<u>0</u>	<u>0</u>
Total intragovernmental	4,480,136	3,496,785
Accounts receivable, net (Note 3)	3,035	2,061
Property, equipment and software, net (Note 4)	<u>312,839</u>	<u>448,644</u>
<b>Total Assets</b>	<b><u>\$4,796,010</u></b>	<b><u>\$3,947,490</u></b>
<b>Liabilities:</b>		
Intragovernmental:		
Accounts payable	\$319,231	\$267,290
Accrued payroll and benefits	171,637	118,387
FECA unfunded (Note 5)	<u>227,472</u>	<u>219,897</u>
Total intragovernmental	718,340	605,574
Accounts payable	183,895	305,023
Unfunded leave (Note 5)	1,333,158	1,374,235
FECA actuarial liability (Note 5)	1,143,753	1,068,706
Accrued payroll and benefits	<u>866,703</u>	<u>470,366</u>
Other (Note 6)	55	
<b>Total Liabilities</b>	<b><u>\$4,245,904</u></b>	<b><u>\$3,823,904</u></b>
<b>Net Position:</b>		
Unexpended appropriations – other funds	\$2,906,771	\$2,321,812
Cumulative results of operations – other funds	<u>(2,356,665)</u>	<u>(2,198,226)</u>
<b>Total Net Position</b>	<b><u>\$550,106</u></b>	<b><u>\$123,586</u></b>
<b>Total Liabilities and Net Position</b>	<b><u>\$4,796,010</u></b>	<b><u>\$3,947,490</u></b>

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, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
<b>Gross Program Costs:</b>		
Authority:		
Intragovernmental costs	\$6,105,360	\$6,104,434
Public costs	<u>8,510,513</u>	<u>7,952,340</u>
Total program costs	14,615,873	14,056,774
Less: Earned revenue	<u>(5,702)</u>	<u>(10,537)</u>
 <b>Net Program Costs</b>	 <b><u>\$14,610,171</u></b>	 <b><u>\$14,046,237</u></b>
 Office of the General Counsel:		
Intragovernmental costs	\$2,557,394	\$2,451,572
Public costs	<u>8,519,388</u>	<u>9,536,749</u>
Total program costs	11,076,782	11,988,321
Less: Total earned revenue	<u>(14,759)</u>	<u>(16,477)</u>
 <b>Net Program Costs</b>	 <b><u>\$11,062,023</u></b>	 <b><u>\$11,971,844</u></b>
 Federal Service Impasses Panel:		
Intragovernmental costs	\$188,268	\$181,752
Public costs	<u>779,173</u>	<u>868,353</u>
Total program costs	967,441	1,050,105
Less: Total earned revenue	<u>0</u>	<u>(756)</u>
 <b>Net Program Costs</b>	 <b><u>\$967,441</u></b>	 <b><u>\$1,049,349</u></b>
 Total gross program costs	\$26,660,096	\$27,095,200
Less: Total earned revenue	<u>(20,461)</u>	<u>(27,770)</u>
 <b>Net Cost of Operations</b>	 <b><u>\$26,639,635</u></b>	 <b><u>\$27,067,430</u></b>

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, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
<b>Cumulative Results of Operations:</b>		
Beginning balance	\$(2,198,225)	\$(2,263,055)
Budgetary financing sources:		
Appropriations used	25,274,176	25,917,906
Other financing sources (non-exchange):		
Imputed financing	1,207,019	1,215,100
FOIA collections	<u>0</u>	<u>(747)</u>
Total financing sources	26,481,195	27,132,259
Net cost of operations	<u>(26,639,635)</u>	<u>(27,067,430)</u>
Net change	(158,440)	<u>64,829</u>
<b>Cumulative Results of Operations</b>	<b><u>\$(2,356,665)</u></b>	<b><u>\$(2,198,226)</u></b>
<b>Unexpended Appropriations:</b>		
Beginning balance	\$2,321,811	\$2,991,329
Budgetary financing sources:		
Appropriations received	26,200,000	25,548,000
Other adjustments	(340,865)	(299,611)
Appropriations used	<u>(25,274,175)</u>	<u>(25,917,906)</u>
Total budgetary financing sources	<u>584,960</u>	<u>(669,517)</u>
<b>Total Unexpended Appropriations</b>	<b><u>\$2,906,771</u></b>	<b><u>\$2,321,812</u></b>
<b>Net Position</b>	<b><u>\$550,106</u></b>	<b><u>\$123,586</u></b>

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, 2016 and 2015**

	2016	2015
<b>Budgetary Resources:</b>		
Unobligated balance, brought forward, October 1	\$1,643,525	\$778,379
Recoveries of prior year unpaid obligations	30,471	1,213,338
Other changes in unobligated balance	<u>(332,793)</u>	<u>(293,768)</u>
Unobligated balance from prior year budget authority, net	1,341,203	1,697,949
Appropriation	26,200,000	25,548,000
Spending authority from offsetting collections	20,413	25,356
<b>Total budgetary resources</b>	<b><u>\$27,561,616</u></b>	<b><u>\$27,271,305</u></b>
<b>Status of Budgetary Resources:</b>		
Obligations incurred (Note 9)	\$26,247,223	\$25,627,780
Unobligated balance, end of year:		
Apportioned	47,800	45,212
Unapportioned	<u>1,266,593</u>	<u>1,598,313</u>
Total obligated balance, end of year	<u>1,314,393</u>	<u>1,643,525</u>
<b>Total budgetary resources</b>	<b><u>\$27,561,616</u></b>	<b><u>\$27,271,305</u></b>
<b>Change in Obligated Balance:</b>		
Unpaid obligations:		
Unpaid obligations, brought forward, October 1	\$1,839,457	\$2,850,934
Obligations incurred	26,247,223	25,627,780
Outlays (gross)	(24,922,310)	(25,425,919)
Recoveries of prior year unpaid obligations	<u>(30,471)</u>	<u>(1,213,338)</u>
Unpaid obligations, end of year	3,133,899	1,839,457
Uncollected payments:		
Uncollected payments, federal sources, brought forward, October 1	(3,100)	(2,661)
Change in uncollected payments, federal sources	<u>2,110</u>	<u>(439)</u>
Uncollected payments, federal sources, end of year	(990)	(3,100)
Memorandum (non-add) entries:		
<b>Obligated balance, start of year</b>	<b><u>\$1,836,357</u></b>	<b><u>\$2,848,273</u></b>
<b>Obligated balance, end of year</b>	<b><u>\$3,132,909</u></b>	<b><u>\$1,836,357</u></b>
<b>Budget Authority and Outlays, Net:</b>		
Budget authority, gross	\$26,220,413	\$25,573,356
Actual offsetting collections	(30,596)	(30,760)
Change in uncollected payments, federal sources	2,110	(439)
Recoveries of prior year paid obligations (discretionary and mandatory)	<u>8,073</u>	<u>5,843</u>
	\$26,200,000	\$25,548,000
Outlays, gross	24,922,310	25,425,919
Actual offsetting collections	<u>(30,596)</u>	<u>(30,760)</u>
Outlays, net (total)	<u>24,891,714</u>	<u>25,395,159</u>
<b>Agency Outlays, Net</b>	<b><u>\$24,891,714</u></b>	<b><u>\$25,395,159</u></b>

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

## NOTES TO THE FINANCIAL STATEMENTS

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### 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 2015 and FY 2016 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 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 prior to 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 2014 was \$17,500 and FY 2015 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 2016, 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 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. The 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 2015 was \$25,548,000; the agency's annual appropriation for FY 2015 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) *Transactions with Related Parties*** – In the course of its operations, the FLRA has relationships and conducts financial transactions with numerous Federal agencies. The most prominent of these relationships are with the Treasury, the DoL, the Department of the Interior, the Department of Transportation, the Department of Homeland Security, and the General Services Administration (GSA).
- (p) *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.
- (q) *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.
- (r) *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. No discrepancies exist between the Fund Balance reflected on the Balance Sheet and the balances in the Treasury accounts.

Fund Balance with the Treasury		
As of September 30,	2016	2015
General funds	\$4,448,237	\$3,482,175
Other fund types	(934)	(2,293)
<b>Total</b>	<b>\$4,447,303</b>	<b>\$3,479,882</b>

Status of Fund Balance with the Treasury		
As of September 30,	2016	2015
Unobligated balance available	\$47,800	\$45,212
Unobligated balance unavailable	1,266,593	1,598,313
Obligated balance not yet distributed	3,132,910	1,836,357
<b>Total</b>	<b>\$4,447,303</b>	<b>\$3,479,882</b>

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. 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, 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, 2016 and 2015.

Accounts Receivable		
As of September 30,	2015	2016
Intragovernmental	\$16,903	\$32,833
With the public	2,061	3,035
<b>Total</b>	<b>\$18,964</b>	<b>\$35,868</b>

### NOTE 4: Property, Equipment, and Software – Net

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
<b>Total</b>	<b>\$ 1,111,811</b>	<b>\$ 798,972</b>	<b>\$ 312,839</b>

Schedule of Property, Equipment, and Software as of September 30, 2015 (In Dollars):

Major Class	Acquisition Cost	Accumulated Amortization/ Depreciation	Net Book Value
Computer Equipment	\$ 455,885	\$ 104,226	\$ 351,659
Office Equipment	202,231	184,252	17,979
Office Furniture	453,695	374,689	79,006
<b>Total</b>	<b>\$ 1,111,811</b>	<b>\$ 663,167</b>	<b>\$ 448,644</b>



## NOTE 5: Liabilities Covered and Not Covered by Budgetary Resources

Unfunded FECA liabilities consist of workers' compensation claims payable to the 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.

	2016	2015
Intragovernmental		
Unfunded FECA	\$ 227,472	\$ 219,897
<b>Total Intragovernmental Liabilities</b>	<b>\$ 227,472</b>	<b>\$ 219,897</b>
With the Public		
Unfunded Leave	\$ 1,333,158	\$ 1,374,235
Actuarial FECA	1,143,753	1,068,706
<b>Total Public Liabilities</b>	<b>\$ 2,476,911</b>	<b>\$ 2,442,941</b>
<b>Total Liabilities</b>	<b>\$ 2,704,383</b>	<b>\$ 2,662,838</b>

## NOTE 6: Other Liabilities

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
<b>Total Other Liabilities</b>	<b>\$ 55</b>	<b>\$ -</b>	<b>\$ 55</b>

There were no other liabilities for the year ended September 30, 2015.

## **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. The agency has an occupancy agreement with the GSA for office space at the following locations.

- (a) *1400 K Street NW, Washington, DC* – The term is for 87 months beginning on June 1, 2014. The FLRA has the right to terminate the lease based on the availability of funds, or with a 4-month notice at any point after the first 12 months of occupancy.
- (b) *223 Peachtree Street NE, Atlanta, GA* – The term is for 120 months beginning on January 18, 2012. The FLRA has the right to terminate the lease based on the availability of funds, or with a 4-month notice at any point after the first 12 months of occupancy.
- (c) *10 Causeway Street, Boston, MA* – The term is for 48 months beginning on May 15, 2016. The FLRA has the right to terminate the lease based on the availability of funds, or with a 4-month notice at any point after the first 12 months of occupancy.
- (d) *224 S. Michigan Avenue, Chicago, IL* – The term is for 120 months beginning on or June 16, 2012. The FLRA has the right to terminate the lease based on the availability of funds, or with a 4-month notice at any point after the first 12 months of occupancy.
- (e) *525 Griffin Street, Dallas, TX* – The term is for 120 months beginning on October 1, 2007. The FLRA has the right to terminate the lease based on the availability of funds, or with a 4-month notice at any point after the first 12 months of occupancy.
- (f) *1244 Speer Boulevard, Denver, CO* – The term is for 57 months beginning on July 1, 2013. The FLRA has the right to terminate the lease based on the availability of funds, or with a 4-month notice at any point after the first 12 months of occupancy.
- (g) *901 Market Street, San Francisco, CA* – The term is for 120 months beginning on August 1, 2011. The FLRA has the right to terminate the lease based on the availability of funds, or with a 4-month notice at any point after the first 12 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 2011 obligations prior to cancellation, and believes that it does not have any outstanding that will require future resources to liquidate.

**NOTE 9: Intragovernmental Costs and Exchange Revenue**

The classification of revenue or costs 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 2016 and 2015 consisted of the following:

	2016	2015
Direct Obligations, Category A	\$ 26,226,706	\$ 25,602,425
Reimbursable Obligations, Category A	20,517	25,355
<b>Total Obligations Incurred</b>	<b>\$ 26,247,223</b>	<b>\$ 25,627,780</b>

**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, 2016 and 2015 was \$1,592,434 and \$678,391, 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 2017 President’s Budget, with actual amounts for FY 2015, has been reconciled to the Statement of Budgetary Resources. The FY 2018 President’s Budget, with actual amounts for FY 2016, will not be published until February 2017.

### 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 \$4,787 for the year ended September 30, 2016. There were no custodial collections for the year ended September 30, 2015. 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, 2016 and 2015 are shown in the following table.

**FEDERAL LABOR RELATIONS AUTHORITY  
RECONCILIATION OF NET COST OF OPERATIONS TO BUDGET  
FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015  
(In Dollars)**

	2016	2015
<b>Resources Used to Finance Activities:</b>		
Budgetary Resources Obligated		
Obligations Incurred	\$ 26,247,223.25	\$ 25,627,780.31
Spending Authority From Offsetting Collections and Recoveries	(58,956.50)	(1,244,536.78)
Net Obligations	26,188,266.75	24,383,243.53
Other Resources		
Imputed Financing From Costs Absorbed By Others	1,207,019.04	1,215,100.10
Other Resources	-	(748.34)
Net Other Resources Used to Finance Activities	1,207,019.04	1,214,351.76
Total Resources Used to Finance Activities	\$ 27,395,285.79	\$ 25,597,595.29
<b>Resources Used to Finance Items Not Part of the Net Cost of Operations:</b>		
Change In Budgetary Resources Obligated For Goods, Services and Benefits Ordered But Not Yet Provided	\$ (914,091.38)	\$ 1,534,662.69
Resources That Fund Expenses Recognized In Prior Periods	(41,076.59)	(196,786.46)
Total Resources Used to Finance Items Not Part of Net Cost of Operation	(955,167.97)	1,337,876.23
Total Resources Used to Finance the Net Cost of Operations	\$ 26,440,117.82	\$ 26,935,471.52
<b>Components of the Net Cost of Operations That Will Not Require or Generate Resources in the Current Period:</b>		
Components Requiring or Generating Resources in Future Periods		
Other	\$ 82,621.68	\$ 5,748.63
Components Not Requiring or Generating Resources		
Depreciation and Amortization	135,805.08	139,432.05
Other	(18,909.80)	(13,223.70)
Total Components of Net Cost of Operations That Will Not Require or Generate Resources	116,895.28	126,208.35
Total Components of Net Cost of Operations That Will Not Require or Generate Resources In The Current Period	\$ 199,516.96	\$ 131,956.98
Net Cost of Operations	\$ 26,639,634.78	\$ 27,067,428.50

**Report of Independent Auditors**

To Chairman Pope  
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, 2016 and 2015, 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.

**Auditor's 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. 15-02, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 15-02 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.



### **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, 2016 and 2015, 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 2016. 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 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, 2016*

# OTHER ACCOMPANYING INFORMATION

## SUMMARY OF FINANCIAL STATEMENT AUDIT

<b>Audit Opinion:</b>	Unmodified				
<b>Restatement:</b>	No				
	<b>Beginning Balance</b>	<b>New</b>	<b>Resolved</b>	<b>Consolidated</b>	<b>Ending Balance</b>
Material weaknesses	0	0	0	0	0

## SUMMARY OF MANAGEMENT ASSURANCES

<b>Effectiveness of Internal Control over Financial Reporting (FMFIA § 2)</b>						
<b>Statement of Assurance:</b>	Unmodified					
	<b>Beginning Balance</b>	<b>New</b>	<b>Resolved</b>	<b>Consolidated</b>	<b>Reassessed</b>	<b>Ending Balance</b>
Material weaknesses	0	0	0	0	0	0
<b>Effectiveness of Internal Control over Operations (FMFIA § 2)</b>						
<b>Statement of Assurance:</b>	Unmodified					
	<b>Beginning Balance</b>	<b>New</b>	<b>Resolved</b>	<b>Consolidated</b>	<b>Reassessed</b>	<b>Ending Balance</b>
Material weaknesses	0	0	0	0	0	0
<b>Conformance with Financial Management System Requirements (FMFIA § 4)</b>						
<b>Statement of Assurance:</b>	Systems conform					
	<b>Beginning Balance</b>	<b>New</b>	<b>Resolved</b>	<b>Consolidated</b>	<b>Reassessed</b>	<b>Ending Balance</b>
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: 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*<sup>1</sup> 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.

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<sup>1</sup> Public Law 106-531

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 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**

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### **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

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### **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)



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- 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, 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



## Office of Inspector General Federal Labor Relations Authority

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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 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.



## Office of Inspector General Federal Labor Relations Authority

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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.

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)

## **MANAGEMENT'S RESPONSE**

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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 substantial progress in addressing and resolving deficiencies and challenges identified by the Inspector General, including resolving one of the three management challenges identified in FY 2015. 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 – a new finding in FY 2016.

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 and their representative union. As for IT security, the agency remains vigilant in maintaining a control environment that monitors and mitigates risks, threats, and vulnerabilities, and it 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, to date, the FLRA was successful in correcting six of the 11 identified vulnerabilities by adhering to those plans. Also in FY 2016, the FLRA continued to implement its plan that is expected to close the remaining outstanding IT-security findings during FY 2017. In addition, in FY 2016, the agency resolved five of the six findings identified in the Privacy and Data Protection review, and plans are underway to resolve the single remaining finding in early 2017.

The FLRA is proud to report that it has no new IT-security findings in FY 2016. We view 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. And the FLRA is pleased that the planning efforts and actions taken over the last year have had a significant impact on the progress towards successfully accomplishing our 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 a fully electronic file – consistent OMB requirements – in 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 ensure compliance with agency requirements.



In FY 2016, leveraging the Small Agency Council (SAC) network, the FLRA partnered with management that was responsible for standing up the robust records-management program at the Pension Benefit Guaranty Corporation (PBGC) 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 electronic records. This effort will also 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. Management will also work to ensure that even where certain types of records do not have legal-retention requirements, the policies, processes and procedures clearly and specifically instruct staff on the proper handling, and that the FLRA is periodically verifying that such policies are being followed.

With respect to the timely closure of audit-report recommendations, the FLRA is pleased to report that in FY 2016, it made significant progress in closing audit recommendations outstanding for more than one year. Most significantly, with respect to IT security, the FLRA closed the agency's three oldest recommendations, with one dating back to FY 2009, and two to FY 2011. The FLRA also closed one of the three open recommendations from FY 2014. In addition, the FLRA closed five Privacy Program audit findings, leaving one FY 2014 finding remaining. And with respect to findings identified by the financial auditors in their annual management letter, in FY 2016, the FLRA closed four of the five prior years' findings – including at least two of which had been open for more than one year – leaving one finding open that dated back to FY 2011.

The FLRA has clear and comprehensive corrective-action plans in place to address and close the four recommendations that are outstanding for more than one year, as well as all other open audit recommendations in FY 2017. 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 2017 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.

**FEDERAL LABOR RELATIONS AUTHORITY**

**1400 K Street, N.W.**

**Washington, DC 20424**

**[www.flra.gov](http://www.flra.gov)**