

FEDERAL LABOR RELATIONS AUTHORITY
OFFICE OF THE INSPECTOR GENERAL



43rd SEMIANNUAL REPORT

For the Period:

October 1, 2009 to March 30, 2010

Issued: April 21, 2010

EXECUTIVE SUMMARY

This is the 43rd Semi-Annual report issued by the Office of the Inspector General (OIG) at the Federal Labor Relations Authority (FLRA). This report, submitted pursuant to the Inspector General Act of 1978, as amended and the Inspector General Reform Act of 2008, summarizes the major activities and accomplishments of the FLRA Inspector General for the period of October 1, 2009 to March 30, 2010.

During this reporting period, FLRA Inspector General Francine Eichler retired from federal service and the position was filled by Charles R. Center on an acting basis. The FLRA is seeking a permanent replacement and expects to have a new Inspector General in place by July 2010.

An external audit of the FLRA's FY2009 financial statement was completed during this period. The auditors concluded that the financial statements present fairly, in all material respects, the financial position of the FLRA as of September 30, 2009, and its net cost of operations, changes in net position, and budgetary resources for the year then ended. The auditors also noted no matters involving internal control and its operations that they considered to be material weaknesses. The auditors also noted no noncompliance with laws or regulations which could have a direct and material effect on the determination of the financial statements.

An external evaluation of the FLRA's compliance with the Federal Information Security Management Act (FISMA) was also completed and corrective actions in response thereto were implemented during this reporting period. The security of the agency's computer system was certified and accredited and another FISMA audit is funded for FY2010.

In addition to those external reviews, internal reviews of the Authority's Case Intake & Publication subcomponent and the FLRA's Departing Employee Check out Process were conducted which revealed no findings of significant problems, abuses, or deficiencies.

FEDERAL LABOR RELATIONS AUTHORITY

The Federal Labor Relations Authority (FLRA) is an independent agency responsible for directing the labor-management relations for 1.9 million non-postal Federal employees worldwide, nearly 1.1 million of who are exclusively represented in approximately 2,200 bargaining units. The Federal Service Labor-Management Relations Statute (Statute), gives the FLRA the power and duty to provide leadership in establishing policies and guidance relating to Federal sector labor-management relations, resolving disputes arising among Federal agencies and unions representing Federal employees, and ensuring compliance with the Statute. FLRA headquarters are located in Washington, DC.

The FLRA represents the Federal government's consolidated approach to labor-management relations. The FLRA is organized into three components, the Authority, the Office of General Counsel and the Federal Service Impasses Panel. Together, they exercise the powers and fulfill the duties established in the Statute. The FLRA has 7 regional offices and one satellite office. The FLRA also provides staff support to two other organizations – the Foreign Service Impasses Disputes Panel and the Foreign Service Labor Relations Board.

THE AUTHORITY

The Authority adjudicates disputes arising under the Statute, deciding cases concerning the negotiability of collective bargaining agreement proposals, unfair labor practice (ULP) allegations, representation petitions, and exceptions to grievance arbitration awards. In addition, consistent with its statutory responsibility to provide leadership in establishing policies and guidance, the Authority assists Federal agencies and unions with dispute resolution and in understanding their rights and responsibilities under the Statute.

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

In addition to the three Member Offices, the Authority contains the Office of the Administrative Law Judges, the Office of Policy, Project and Performance Management, the Office of the Solicitor, the Office of the Executive Director, the Office of the Inspector General and the Office of the General Counsel.

Office of the Administrative Law Judges: The FLRA's Administrative Law Judges (ALJs) are appointed by the Authority pursuant to the Administrative Procedures Act and they conduct due process hearings in accordance with that act and issue recommended decisions in cases wherein the General Counsel has issued an unfair labor practice complaint. FLRA judges also conduct hearings and issue recommended decisions involving applications for attorney fees and files pursuant to the Back Pay Act or the Equal Access to Justice Act. The judges conduct pre-hearing conferences, issue subpoenas, rule on motions and evidentiary issues, review briefs and issue recommended decisions. If exceptions are filed, an ALJ decision may be affirmed,

modified, or reversed, in whole or in part, by the Authority. If exceptions are not filed, the judge's decision is adopted by the Authority and becomes final and binding upon the parties.

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

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

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

Office of the Inspector General: The Office of the Inspector General (OIG) is responsible for directing and carrying out audits, investigations, evaluations, inspections, surveys and other oversight activities related to the FLRA programs and operations. In addition, the Inspector General is authorized to create Inspector General policies and review new FLRA instructions to promote economic, efficient, and effective agency programs, which prevent fraud, waste, abuse and mismanagement. The Inspector General is responsible for keeping the Chair, FLRA and the Congress fully informed of problems and deficiencies, as well as the necessity for corrective actions. Public Law 100-504 and the Inspector General Act, as amended, mandate the requirements, objectivity and independence of Federal Agency Inspectors General. The Office of Inspector General's budget for FY2010 is \$336,671.00 which includes salaries for the Inspector General and administrative staff and that amount is sufficient for the Inspector General to perform the requirements of the job. On January 2, 2010, Inspector General Francine Eichler retired from federal service and was replaced by acting Inspector General Charles R. Center on January 6, 2010. The FLRA expects to name a permanent Inspector General to the position by July 2010.

OFFICE OF THE GENERAL COUNSEL

The Office of the General Counsel (OGC) is a component of the FLRA. The General Counsel, who is appointed by the President with the advice and consent of the Senate for a 5-year term, manages all OGC employees. The OGC includes seven regional offices located in Atlanta, Boston, Chicago, Dallas, Denver, San Francisco, and Washington, DC and one remote duty

location in Diamond Bar, California. The OGC investigates all unfair labor practice charges filed either by an employee, a labor union or a federal agency and prosecutes all unfair labor practice complaints before the Authority. The OGC is also responsible for receiving and processing representation petitions and providing training on the Statute to the parties. The General Counsel reviews all appeals and establishes case-handling policies and procedures for the OGC.

THE FEDERAL SERVICE IMPASSES PANEL

The third component of the FLRA is the Federal Service Impasses Panel (FSIP), which is composed of seven part-time Members appointed by the President to serve 5-year terms. One Member is appointed by the President to serve as the Chairman. FSIP resolves bargaining impasses between Federal agencies and unions representing Federal employees arising from negotiations over conditions of employment under the Statute and the Federal Employees Flexible and Compressed Work Schedules Act. If bargaining and mediation assistance proves unsuccessful in resolving an impasse, the FSIP Panel has the authority to recommend procedures and to take whatever action it deems necessary to resolve the impasse.

ADDITIONAL FUNCTIONS OF THE FLRA

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

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

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1. SIGNIFICANT PROBLEMS, ABUSES, OR DEFICIENCIES RELATING TO THE ADMINISTRATION OF PROGRAMS AND OPERATIONS

None were identified in the reports and audits conducted during the relevant period.

2. RECOMMENDATIONS FOR SIGNIFICANT PROBLEMS, ABUSES, OR DEFICIENCIES

None were identified in the reports and audits conducted during the relevant period.

3. SIGNIFICANT RECOMMENDATIONS DESCRIBED IN PREVIOUS SEMIANNUAL REPORTS ON WHICH CORRECTIVE ACTION HAS NOT BEEN COMPLETED

There are no significant recommendations upon which action has not been taken.

4. SUMMARY OF MATTERS REFERRED TO PROSECUTION

There were no matters referred to prosecutorial authorities, prosecutions or convictions during the relevant period.

5. SUMMARY OF REPORTS

During this reporting period the FLRA Office of the Inspector General issued or directed the following reports:

FLRA Inspector General Internal Review of Case Intake and Publications

Closed

During this reporting period, the FLRA Inspector General completed an internal review of the FLRA's Case Intake and Publications (CIP) Office which resulted in 4 findings that were properly addressed by FLRA management after review of the report and these matters are now closed.

FLRA Inspector General Internal Review of Checkout Process

Closed

During the end of this reporting period, the FLRA Inspector General completed an internal review of the out processing required by the agency when an employee leaves the agency. This internal review resulted in no findings requiring further action.

2009 Evaluation of FLRA's FISMA Compliance

Open

An independent evaluation of the quality and compliance of the FLRA's security program with applicable Federal computer security laws and regulations as required by the Federal Information Security Management Act (FISMA) was performed by an external firm and their report of the evaluation issued in July 2009. The agency's full and complete response thereto was provided in October 2009.

In response to that report, the agency undertook the following actions:

- A full certification and accreditation of the FLRA computer system was conducted by the Information Security division of the Bureau of Public Debt.
- The Information Security division of the Bureau of Public Debt (blue team) conducted penetration testing and identified vulnerabilities are being eliminated.
- An action plan and milestones on all blue team findings will be complete by the end of the FY2010.
- An agency Information Security policy handbook was published.
- Conducted a user awareness training program through the Department of Defense with 100% of all users completing the IS certificate program.
- A refresh of legacy and end of life equipment and operating systems is in process.
- File and system level auditing was implemented.
- Separation of duties relating to computer security was established.
- Risk assessments for management changes were developed.
- Compliance with the Trusted Internet Connection (TIC) and the DHS Einstein program was established.

Upon completion of the action plan needed to resolve the problems identified by the blue team penetration testing, all issues identified by the FY2009 FISMA evaluation will be closed. Funds for another FISMA evaluation were provided in the FY2010 budget.

6. AUDIT REPORTS

2009 Financial Statement Audit

Closed

The 2009 audit was performed by external auditor Harper, Rains, Knight & Company and conducted in accordance with auditing standards generally accepted in the United States, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Bulletin No. 07-04, as amended. The auditors concluded that the financial statements present fairly, in all material respects, the financial position of the FLRA as of September 30, 2009, and its net cost of operations, changes in net position, and budgetary resources for the year then ended. The auditors also noted no matters involving internal control and its operations that they considered to be material weaknesses. The auditors also noted no noncompliance with laws or regulations which could have a direct and material effect on the determination of the financial statements. There were no

questioned costs or recommendations that funds be put to better use and the agency has included funding for the FY2010 audit in its annual budget.

7. SIGNIFICANT REPORTS

There were no significant reports issued during the relevant period.

8. QUESTIONED COST TABLES

There were no questioned costs during the relevant period.

9. BETTER USE TABLES

There were no better use recommendations during the relevant period.

10. NO MANAGEMENT DECISION MADE

There are no management decisions pending.

11. SIGNIFICANT REVISED MANGEMENT DECISIONS

There were none during the relevant period.

12. SIGNIFICANT MANAGEMENT DECISIONS WITH WHICH THE IG DISAGREES

There were none during the relevant period.

13. FEDERAL FINANCIAL MANAGEMENT IMPROVEMENT ACT

The FLRA's financial system is hosted by the Department of Interior's National Business Center (NBC) and it complies substantially with the FFMIA and there are no remedial actions that require reporting.

April 21, 2010

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