U.S. Federal Labor Relations Authority

Promoting and protecting labor-management relations for effective, efficient Government.

AGENCY FINANCIAL REPORT

2020

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MESSAGE FROM THE CHAIRMAN

I am pleased to present the Federal Labor Relations Authority's (FLRA) Agency Financial Report (AFR) for fiscal year (FY) 2020. This report provides an assessment of the Agency's financial status along with information on our financial management and performance. The financial statements and notes that follow explain the FLRA's financial position as of September 30, 2020, and how the Agency's financial resources were expended to achieve results.

For the fifteenth consecutive year, the FLRA has received an unqualified audit opinion on its financial statements. Along with the unqualified 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. We are confident that the FLRA's financial and performance data are complete, accurate, and reliable.

Annual FFMIA Statement of Assurance

Pursuant to the Federal Financial Management Improvement Act (FFMIA), FLRA management has assessed that the agency's financial management systems, including both financial and financially related (or mixed) systems, comply substantially with (1) Federal financial management systems requirements, (2) applicable Federal accounting standards promulgated by FASAB, and (3) the U.S. Standard General Ledger (USSGL) at the transaction level.

Annual FMFIA Statement of Assurance

Pursuant to the Federal Managers' Financial Integrity Act (FMFIA), FLRA management is responsible for managing risks and maintaining effective internal control to meet the objectives of Sections 2 and 4 of the Federal Managers' Financial Integrity Act. The FLRA conducted its assessment of risk and internal control in accordance with OMB Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*. Based on the results of this assessment, the FLRA can provide reasonable assurance that its internal controls over the effectiveness and efficiency of operations, reporting, and compliance were operating effectively as of September 30, 2020.

Colleen Duffy Kiko, Chairman
Federal Labor Relations Authority
October 30, 2020

MANAGEMENT’S DISCUSSION AND ANALYSIS

The FLRA has elected to produce an Agency Financial Report (AFR), with a primary focus on financial results, and an Annual Performance Report (APR), which focuses on strategic goals and performance results, in lieu of a combined Performance and Accountability report (PAR).

The FLRA will submit its 2020 APR final draft to OMB on January 11, 2021, and, once approved, make it available on the FLRA website concurrent with the President’s 2022 Budget release in February 2021. Both the AFR and APR will be available on the FLRA website.

BACKGROUND AND MISSION

FLRA is an independent administrative Federal agency created by Title VII of the Civil Service Reform Act of 1978, also known as the Federal Service Labor-Management Relations Statute (the Statute), 5 U.S.C. §§ 7101-7135. The purpose of the Statute is to prescribe certain rights and obligations of the employees of the Federal Government and to establish procedures that are designed to meet the special requirements and needs of the Government. *Id.* § 7101(b). The provisions of the Statute are to be interpreted in a manner consistent with the requirement of an effective and efficient Government. *Id.*

Consistent with its statutory mandate, FLRA’s mission is: *Protecting rights and facilitating stable relationships among Federal agencies, labor organizations, and employees while advancing an effective and efficient Government through the administration of the Statute.*

FLRA applies its Federal-sector expertise to execute its mission primarily by carrying out the following statutory responsibilities:

1. Conduct hearings and resolve complaints of ULPs under § 7118 of the Statute. *Id.* § 7105(a)(2)(G). FLRA is responsible for investigating, prosecuting, and adjudicating claims that an agency or a labor organization has failed to uphold its legal obligations under the Statute.

2. Determine the appropriateness of units for labor-organization representation under the Statute, and supervise or conduct elections to determine whether a labor organization has been selected as an exclusive representative by a majority of employees in an appropriate unit. *Id.* § 7105(a)(2)(A). FLRA also resolves disputes about which employees may be included in bargaining units under the Statute. *Id.* § 7105(a)(2)(B).

3. Resolve exceptions to grievance-arbitration awards under § 7122 of the Statute. *Id.* § 7105(a)(2)(H). FLRA adjudicates appeals – known as exceptions – to arbitration awards that result from grievances filed by employees, labor organizations, or agencies under parties’ negotiated grievance procedures. The FLRA reviews those awards to assess whether they are contrary to any law, rule, or regulation, or are deficient on other grounds similar to those applied by Federal courts in private-sector labor-management disputes.

4. Resolve issues relating to the duty to bargain in good faith under § 7117(c) of the Statute. *Id.* § 7105(a)(2)(E). FLRA resolves negotiability disputes that arise during bargaining under two circumstances – when an agency claims that a contract proposal is outside the duty to bargain and when an agency head disapproves a negotiated agreement claiming that it contains provisions that are contrary to law, rule, or regulation.

5. Assist in resolving negotiation impasses between Federal agencies and exclusive representatives. *Id.* § 7119.

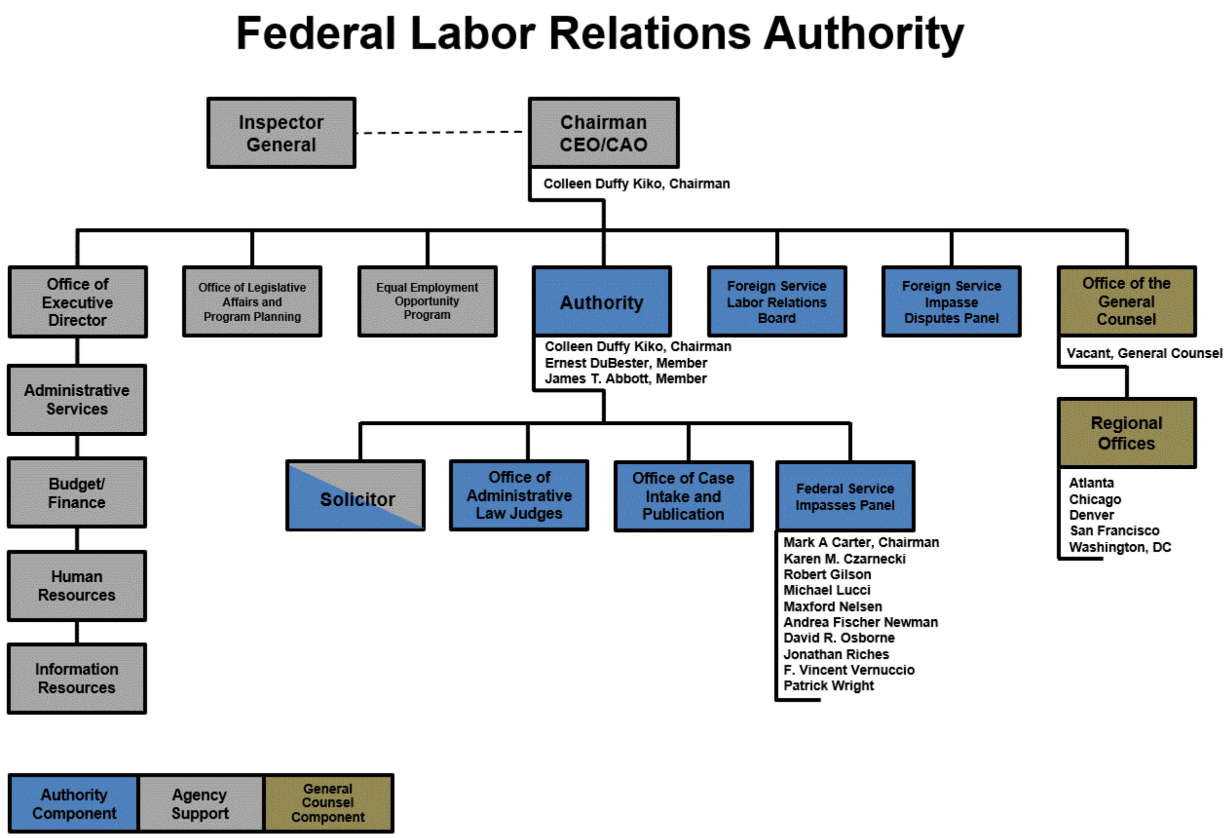
In addition, Congress directed FLRA to prescribe criteria and resolve issues relating to the granting of national consultation rights under § 7113 of the Statute; prescribe criteria and resolve issues relating to determining compelling need for agency rules or regulations under § 7117(b) of the Statute; prescribe criteria relating to the granting of consultation rights with respect to conditions of employment under § 7117(d) of the Statute; and take such other actions as are necessary and appropriate to effectively administer the provisions of the Statute.

Moreover, FLRA is to "provide leadership in establishing policies and guidance" related to matters under the Statute. *Id.* § 7105(a)(1). FLRA satisfies this directive primarily through its written determinations, but also by offering training and other services.

ORGANIZATIONAL STRUCTURE

Headquartered in Washington, D.C., FLRA has three statutory components–the Authority, the Office of the General Counsel (OGC), and the Federal Service Impasses Panel (the FSIP or the Panel)–each with unique adjudicative or prosecutorial roles.

The Agency also provides full program and staff support to two other organizations–the Foreign Service Labor Relations Board and the Foreign Service Impasse Disputes Panel, pursuant to the Foreign Service Act of 1980, 22 U.S.C. §§ 4101-4118.



Chief Executive and Administrative Officer

The President of the United States designates one Member as Chairman who serves as FLRA's chief executive and administrative officer. 5 U.S.C. § 7104(b).

The Authority

The Authority – FLRA's adjudicatory body – is led by three full-time, presidentially nominated and Senate-confirmed Members who are appointed to fixed, staggered five-year 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 ULP complaints, ruling on exceptions to arbitrators' awards, resolving disputes over the negotiability of collective-bargaining proposals and provisions, and deciding applications for review of Regional Directors' decisions in representation disputes. The Authority Members appoint Administrative Law Judges (ALJs) to hear and prepare recommended decisions that may be appealed to the Authority in cases involving ULP complaints.

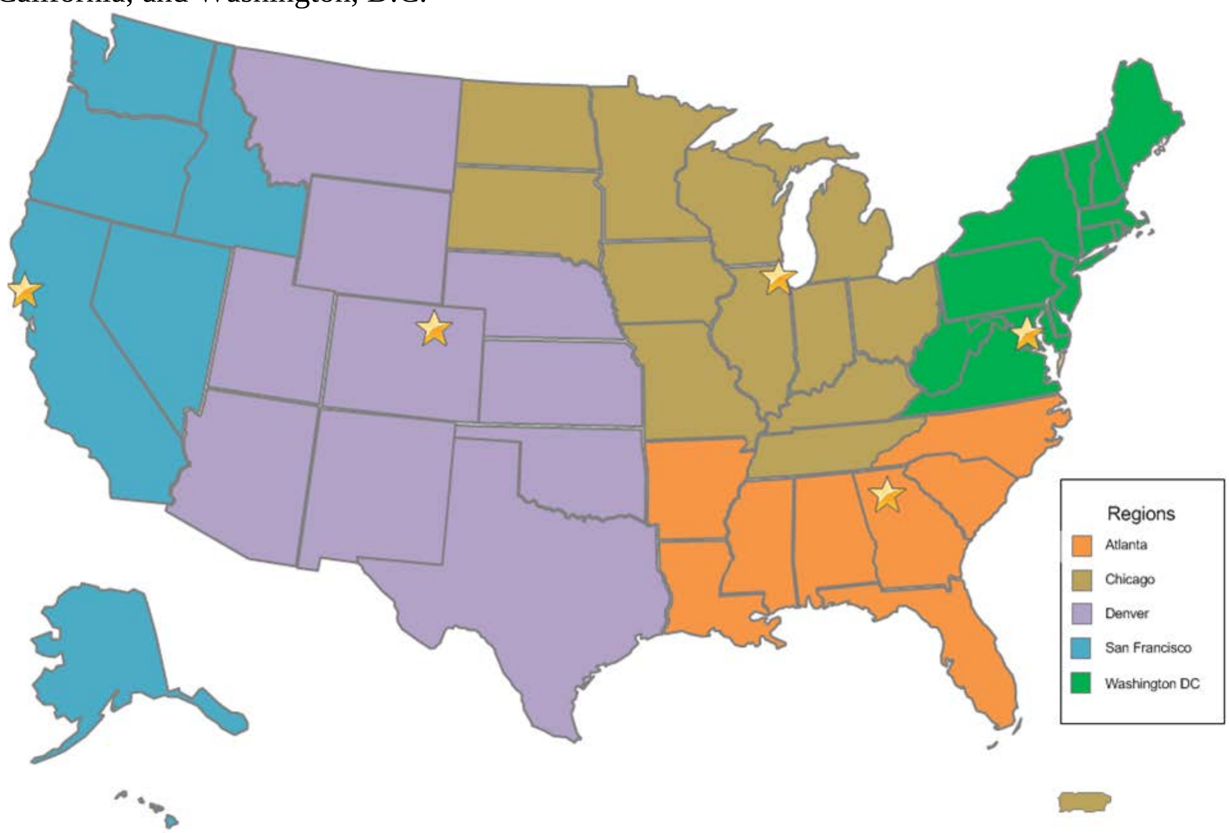
Other offices and programs under the jurisdiction of the Authority include the Office of the Solicitor, the Office of Administrative Law Judges (OALJ), the Office of Case Intake and

Publication (CIP), and the Equal Employment Opportunity Program (EEO). Standing as an independent entity within the Authority is the Office of Inspector General.

The Office of the General Counsel

The Office of the General Counsel (OGC) is led by a presidentially appointed and Senate-confirmed General Counsel (GC) who has direct authority over, and responsibility for, all employees in the OGC, including those in FLRA's Regional Offices. There has not been a Presidentially-nominated and Senate-confirmed GC since January 20, 2017, although under the Vacancies Act, there was an Acting GC through November 16, 2017. The OGC investigates and resolves ULP charges, files and prosecutes ULP complaints, and provides training, as appropriate. 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 their respective regions. There are five Regional Offices: Atlanta, Georgia; Chicago, Illinois; Denver, Colorado; San Francisco, California; and Washington, D.C.



The Federal Service Impasses Panel

The Federal Service Impasses Panel (FSIP) is composed of part-time Presidential appointees who are appointed to fixed, staggered five-year terms. The FSIP assists in resolving negotiation impasses between Federal agencies and labor organizations representing Federal employees that arise from collective-bargaining negotiations under the Statute and the Federal Employees Flexible and Compressed Work Schedules Act. The FSIP Members are presidentially appointed (PA), but they are not subject to Senate confirmation.

STRATEGIC GOALS / PERFORMANCE SUMMARY

Strategic Goal 1: We will ensure quality, timely, impartial, and consistent investigative and decision-making processes with determinations that are clearly articulated.

The Authority

The Authority began 2020 with renewed energy and staffing. During 2018 and 2019, the Authority experienced significant staffing shortages that hampered its case processing speed and resulted in a backlog. As a result, the Authority only averaged between 7 and 8 merits decisions per month in 2019. However, as a result of its focus on filling vacancies and training new attorneys, the Authority increased its productivity and ended 2020 with an average of between 11 and 12 merits decisions per month.

Because the Authority entered 2020 with a backlog, the cases it closed were older. This means that, despite its increased productivity, the Authority did not meet all of its targeted goals regarding case-processing timelines (as will be reflected in the Annual Performance Plan). For example, the Authority met its 210-day target in only 32 percent (34/107) of arbitration cases, and its outer 365-day target in 61 percent (65/107) of arbitration cases. In contrast, the Authority met its 300-day target in 78 percent (25/32) of negotiability cases, and met its outer 365-day target in 84 percent (27/32) of negotiability cases. Further, the Authority continues to meet the statutory requirement to determine whether to grant review in 100 percent of representation cases within 60 days of filing of an application for review from a Regional Director's determination. Where the Authority has granted applications for review, it has met its 210-day target in 88 percent (14/16) of cases and met its outer 365-day target in 88 percent (14/16) of cases. The few ULP cases in the Authority's inventory are some of the oldest cases in its inventory. As a result, the Authority met its 300-day target and outer 365-day target in only 25 percent of the ULP decisions issued this year (1/4).

Although the Authority set targets to reduce the "average age" of closed cases within each case type by 5 percent, this target is in tension with the Authority's focus on clearing its backlog and issuing the oldest cases in its inventory. Accordingly, the Authority did not hit the 5 percent reduction in any of its four case types.

The Office of Administrative Law Judges

The OALJ is also a part of the Authority. Due to the continuing lack of a Presidentially nominated and Senate-confirmed GC, the OALJ continued performing work for other agencies on a reimbursable basis through the OPM ALJ Loan Program. When the caseload increases substantially after a GC is confirmed, the OALJ may well have to become a recipient of the OPM ALJ Loan Program. In addition, due to attrition and reduction of staff of the Authority, the OALJ continued drafting decisions in accordance with regulations to assist the Authority with matters other than ULP cases.

The Office of the Solicitor

The Office of the Solicitor represents 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. During 2020, the Solicitor's Office litigated numerous cases in the Federal courts, filed briefs supporting Authority decisions and defending the constitutionality of Authority components, and presented oral argument before panels of circuit court judges. After receiving decisions from the courts of appeals, the Solicitor's Office provided timely and thoughtful advice to the Authority concerning the courts' orders. The Solicitor's Office experienced a sharply increased caseload in 2020, which is expected to continue in 2021 as parties seek review of adverse Authority decisions in the courts of appeals under 5 U.S.C. § 7123(a). In addition, parties have increasingly been seeking to circumvent 5 U.S.C. § 7123(a)'s jurisdictional bar by filing many cases in Federal District Court.

The Solicitor also serves as FLRA's in-house counsel, providing legal advice to FLRA components on all facets of Government operations, including ethics, FOIA, privacy, human resources, fiscal law, and the Administrative Procedure Act. It met all reporting and substantive deadlines under those authorities.

The Federal Service Impasses Panel

In the previous years, the Panel received an average of 140 requests for assistance per year (averaging close to 11 new filings per month). Beginning in 2018, the Panel received 92 filings (an average of 6 new filings per month) and 76 filings in 2019 (an average of 7 new filings per month). In 2020, the Panel received 90 new case filings (an average of 7.5 new filings per month). That filing trend is expected to continue.

In 2020, the FSIP exceeded all of its timeliness measures for assisting parties in resolving their negotiation impasses. Specifically, the Panel issued its decision to decline jurisdiction on cases not appropriately before the Panel within 140 days of the date that the parties filed their request for assistance in 100 percent (23/23) of cases. The Panel assisted the parties in achieving voluntary settlement within 160 days of the date that the parties filed their requests for assistance in 85 percent (11/13) of cases. And, it issued its final order within 200 days of the date that the parties filed their request for assistance in 88 percent (35/40) of cases.

The Agency has also established "average age" goals to provide the Panel and the parties a sense of how long, on average, it takes for a case to be resolved by the Panel. That target is a measurement of the age of disposition of cases, averaged over the prior 3 fiscal years – historical average age. The Panel accomplished a reduction in the amount of time, on average, to close out cases (i.e., notify parties of the Panel decision) where the Panel has determined that it will decline jurisdiction (i.e., historical average 89 days reduced to 70 days in 2020; 21 percent decrease in processing time).

However, the Panel has seen an increase in the processing and closing of cases closed by other means. Following the Administration's issuance of Executive Orders 13836, 13837, and 13839, and the related OPM guidance to agencies regarding collective bargaining, effectuated in August 2019, the FSIP began to receive more impasses over ground rules for successor collective-bargaining agreements. These cases tend to be substantively more complex than single issue impact and implementation changes (e.g., changes in a personnel policy). In 2018, before the implementation of the 2018 Executive Orders, there were 4.7 issues, on average, in a FSIP case. In 2019, after the injunction on the Executive Orders was lifted in July 2019, there were 9.3 issues, on average, in a FSIP case. In 2020, there were, on average, 13.7 issues in a FSIP case. In addition to the increase in the number of issues in the cases, the parties tended to be more entrenched in their positions and less willing to settle the impasse. These trends resulted in the need for the Panel to issue lengthy, complex, final decisions ordering the parties to adopt contract language to resolve the impasse.

The impact of these trends can be seen in the overall average age of the cases. Where a case was closed as a result of the Panel working with the parties to achieve mutual settlement of a negotiations impasse, the Panel saw a decrease in the amount of time, on average, to close out cases where the parties have reached settlement of the outstanding issues (i.e., historical average of 120 days decreased to 72 days in 2020; 40 percent decrease in processing time). Where the case was closed as a result of the Panel needing to make a final decision to order contract language to be adopted by the parties, the Panel saw an increase in the amount of time, on average, to close out cases where the Panel has ordered the adoption of final contract language (i.e., historical average of 154 days increased to 162 days in 2020; 5 percent increase in processing time). In total, the historic overall average age for processing a FSIP case was 82.5 days. In 2020, that overall average age increased to 100 days, an 18 percent increase in processing time.

Office of General Counsel

The OGC has not had a GC or Acting GC since November 17, 2017. In addition, the OGC staff teleworked since mid-March of 2020, due to the COVID-19 pandemic. Despite these challenges, the OGC continued to investigate cases and deliver strong results. It met its strategic performance measures for the timely resolution of ULP and representation cases, having resolved 94 percent (1692/1808) of ULP cases within 120 days of the filing date, and 80 percent (140/175) of representation cases within 120 days of filing. The timely resolution of REP cases increased by 20 percent. Of those ULP cases resolved in 2020, the OGC resolved over 248 of them through voluntary settlement during the investigative process.

A key aspect of FLRA's 2018-2022 Strategic Plan is to increase the rate of eFiling, because by December 31, 2022, FLRA is mandated to have transitioned to electronic case files. To this end, the OGC increased its eFiling rate to 52 percent of all cases filed. This represents a 10 percent increase in the eFiling rate for the OGC.

Having OGC political leadership in place will restore the OGC's ability to carry out its full mission and allow it to be successful in further meeting its 2021 and 2022 performance goals while beginning to address the large backlog of cases pending GC action (currently 420 complaints and 409 appeals).

Strategic Goal 2: We will develop and provide tools and resources to enable the parties to prevent or more effectively and efficiently resolve their labor-relations disputes and improve their labor-management relationships.

Offering high-quality educational resources through FLRA's website is key to prevent or more effectively and efficiently resolve labor-management disputes. Parties who are better informed about their rights and obligations under the Statute are less likely to pursue frivolous matters or defenses, and they are more likely to approach their labor-management relations in a manner that is consistent with the Statute.

The Agency will continue to explore ways to supplement and enhance the educational resources on its website, such as expanding parties' access to statutory and other training, online training modules, and short animated training videos.

Education and Training Tools

FLRA provides valuable education and training tools to the Federal labor-management-relations community in all aspects of its case law and processes. Providing meaningful and clear guidance on statutory rights and responsibilities so that its customers are knowledgeable furthers timely and efficient case processing and is an important function of FLRA under the Statute. FLRA delivers its educational materials through a variety of means, such as: in-person training sessions; web-based training modules and YouTube videos; and case outlines, manuals, and subject-matter guides that are easily accessible on www.flra.gov.

Training

FLRA addressed specific requests of parties for targeted training. Agency components have traditionally provided training on statutory principles governing ULPs, representational issues, negotiability disputes, and arbitration exceptions. Providing such external training to Federal agencies and labor organizations regarding their rights and obligations under the Statute directly promotes FLRA's mission of protecting rights and facilitating stable labor-management relationships while advancing an effective and efficient Government.

Obviously, the 2020 training landscape was dramatically affected by the COVID-19 pandemic, particularly the ability to offer in-person training. Accordingly, for 2020, FLRA provided only

29 training sessions, of which 9 were in-person and 20 were virtual (online). The training sessions conducted in the second-half of the fiscal year were done virtually.

These sessions were requested by the organizations based on their perceived needs in the Federal labor-management relations area. The targeted training sessions focused on a range of issues, including unfair labor practices and representation matters.

FLRA staff tailored each session to meet the individualized needs of the particular group and received consistent positive feedback from the participants. Specifically, in 2020, 98% of evaluators rated the training as effective or highly effective. This positive feedback achieved the FLRA performance goal in this area.

In addition to training presentations at in-person events, the Authority, the OGC, and the FSIP provided online training, including presentations at several nationwide, annual conferences that were held virtually due to public health concerns. These conference sessions included presentations of newly prepared materials of current relevance. Prior to the pandemic, the OGC consistently provided statutory training courses across the country, though due to budget uncertainty, the OGC scaled back its provision of training that required FLRA-funded travel.

In 2020, the training sessions at which FLRA presented virtually, combined with the 6 in-person training sessions to reach an estimated 2,780 participants. That number of participants achieved FLRA's 2020 performance goal set for training.

Over and above these virtual conferences and in-person training sessions, FLRA YouTube instructional videos have received over 2700 views since the channel's launch on April 29, 2020. FLRA issued two press releases announcing 6 instructional training sessions online.

In total, FLRA's in-person, virtual, and YouTube training reached 5,480 persons.

YouTube Educational Tool

In 2020, FLRA created video trainings via FLRA's new YouTube channel.

The new channel modernizes the Agency's customer interactions and delivers on the Agency's second strategic goal from the 2018-2022 Strategic Plan promising to "develop and provide tools and resources to enable the parties to prevent or more effectively and efficiently resolve their labor-relations disputes and improve their labor management relations."

The channel can be found here. Once on the channel, customers can click "Subscribe" to receive updates when new material is posted.

On April 29, 2020, FLRA unveiled the channel beginning with five training videos covering unfair labor practice topics referenced in the Statute. The first five educational videos cover the following topics:

- Unlawful Interference – Section 7116(a)(1) of the Statute,

- Violations by Unions – Duty of Fair Representation and To Bargain in Good Faith,
- Discrimination – Section 7116(a)(2) and (4) of the Statute,
- Meetings and Bypasses – Formal Meetings, Investigatory Examinations, and Bypasses,
- Information Requests – Section 7114(b)(4) of the Statute.

On August 19, 2020, FLRA released an animated training video explaining the Agency's eFiling process. This release was the first in a series of animated videos serving to further educate our customers on the many different aspects of federal-sector labor law. The eFiling video covers:

- How to file a case,
- Where to file,
- Who is eligible to file,
- Case Types – Arbitration, Negotiability, Representation, Unfair Labor Practice, Negotiation Impasse, and
- How to check case status.

FLRA's videos supplement external training events and since the channel's launch, have received over 2,700 views. New educational content is in regular production to address our customers evolving needs.

Live-Stream Training

In 2020, for the first time, FLRA live-streamed educational training via the internet.

Case-Processing Timelines

Throughout 2020, FLRA provided leadership and guidance by educating parties with more meaningful information about case-processing timelines. For example, starting in 2019, the Authority has been measuring case age starting from the date that the case is filed until the date that a decision is issued. In addition, the Agency began reporting "average ages" of closed cases within all FLRA components and offices, which provides the parties with the average amount of time that it takes to process each case type.

Educating the parties with this information will help them reach better, more informed decisions regarding their litigation options. It provides them with more realistic expectations around case processing.

Case Digests

The Authority educates the parties primarily through its issued decisions, particularly those on previously unaddressed legal issues. To that end, the Authority now publishes case-summary "digests" to provide additional, easy-to-understand guidance to its customers.

As of 2020, the Authority now posts each new decision with an accompanying digest. That culminates a two-year strategic initiative. Authority case digests that summarize each of the full-length, merits decisions can be viewed online.

While the digests are not part of the official decisions, these summaries are a valuable tool for researchers and members of the Federal labor-management community to identify more quickly and efficiently the decisions that interest them. The FLRA expects that case-summary digests will provide customers with additional, easy-to-understand guidance and information regarding precedent.

Further, the Authority has compiled these digests on the Quarterly Digest Reports page. The Authority pursues this digest initiative as part of its commitment in its Strategic Plan for Fiscal Years 2018 through 2022 “to develop tools and resources” to assist the parties.

The Quarterly Digest Reports are online for all of 2019 and through the first three quarters of calendar year 2020. To date, the Authority has published approximately 175 digests. Quarterly digests are up to date and were announced in a press release.

FLRA’s 2018-2022 Strategic Plan also includes a renewed emphasis on clearly articulated written work products. As part of this effort, the FLRA has particularly focused in the first few paragraphs of each Authority decision as a place to provide a brief synopsis of the most pertinent principles in the decision. This uniform structure should help customers understand a decision’s significance or relevance to them without needing to read the entire decision.

Parties have been reminded, however, that the descriptions contained in the digests are for informational purposes only, do not constitute legal precedent, and are not intended to be a substitute for the opinion of the Authority.

RSS Feeds

Via subscription to its Really Simple Syndication (RSS) Feed, FLRA offers updates on FLRA-related news and provides notifications when new Authority decisions are posted. In 2020, by press release, the FLRA encouraged subscription to its RSS Feed.

Guides & Manuals

In 2020, FLRA continued to update online educational tools, including guides and manuals. In September of 2020, the Office of General Counsel updated the OGC Case Law Outline. Also in September of 2020, the Office of General Counsel updated the Representation Case Law Outline.

Federal Mediation and Conciliation Service

As part of the Agency’s strategic commitment to develop and provide tools and resources to enable the parties to prevent or more effectively and efficiently resolve their labor-relations disputes and improve their labor-management relationships, the Authority signed a memorandum of understanding (MOU) with the Federal Mediation and Conciliation Service (FMCS) creating a new pilot procedure for resolving negotiability appeals at no cost to the parties.

The Authority trained a unique cadre of FMCS mediators so that they may assist the parties in the resolution of negotiability appeals through mediation. The training program was exceptionally well received by the mediators, who submitted comments that the trainers were “excellent” and “knowledgeable,” and that the course provided “great coverage of complex information.”

Under the pilot program, before a negotiability appeal is considered by the Authority’s Members for a decision, the Authority may refer such appeals to FMCS, either on the Authority’s own initiative or based upon a request from the parties. The Authority anticipates that this will reduce case-processing time in negotiability appeals as well as provide opportunities for parties to expeditiously resolve appropriate negotiability disputes without the need for a formal Authority decision.

After working with FMCS to develop a shared case-management system for tracking referrals, the Authority began referring negotiability appeals to FMCS mediators in December, 2019. The preliminary results have showed promise. FMCS mediators have either narrowed, or completely resolved, the parties’ negotiability dispute in 40 percent (2/5) of referred cases. More importantly, with the help of the FMCS mediators, the parties have resolved 76 percent (48/63) of the proposals or provisions referred to mediation.

Consistent with the MOU, the Authority and FMCS will confer later this year concerning any necessary adjustments to the pilot program. Additionally, leadership of the Authority, FSIP, and FMCS made a joint panel presentation at the FMCS National Labor-Management Conference in August with approximately 500 participants.

eFiling

FLRA’s eFiling efforts serve to improve the customer’s experience allowing both filers and the Agency more efficiently handle filings electronically.

A key aspect of FLRA’s 2018-2022 Strategic Plan is to increase the rate of eFiling, because by December 31, 2022, FLRA is mandated to have transitioned to electronic case files. To this end, the OGC increased its eFiling rate to 52 percent of all cases filed. This represents a 10 percent increase in the eFiling rate for the OGC. The Authority saw a nine percent increase in eFiling, bringing its 2020 eFiling rate to 89 percent of all cases filed.

Like the rest of the federal government, FLRA is grappling with the challenges posed by the COVID-19 pandemic. In response, the Agency adapted very well technologically. To ensure the health and safety of the Agency’s employees and parties, FLRA suspended in-person filings and the use of FLRA’s eFiling system has increased. At the same time, the Agency has continued to process documents filed by mail and facsimile, consistent with regulation.

Videoconference Hearings

In 2020, the OGC issued guidance to its Regional Directors on conducting representation hearings through videoconference in order to ensure that vital representational work continues during the COVID-19 pandemic.

Updated Regulations and Policies

The Authority also educates the parties through the issuance of regulations and policies. In situations where parties experience labor-management challenges, targeted assistance can promote stable labor-management relationships by educating the parties regarding their statutory rights and obligations. It can also promote effective and efficient Government by assisting parties in addressing their disputes without necessarily resorting to formal filings.

Regulations

In 2020, to educate and guide the public, the Authority issued one new regulation and requested comment on another:

- On December 23, 2019, FLRA sought comment on the regulations governing negotiability appeals to better "expedite proceedings," consistent with Congress's direction, and with the FLRA's goal in its strategic plan to "ensure quality, timely . . . decision-making processes." The proposed rule is designed to streamline the adjudication process for negotiability appeals, resulting in more timely decisions for the parties. On January 28, 2020, FLRA extended comments to February 11, 2020.
- On July 9, 2020, FLRA published a Final Rule, which will appear as § 2429.19 of the Authority's Regulations, stating that "after the expiration of the one-year period during which an assignment may not be revoked under 5 U.S.C. § 7115(a), an employee may initiate the revocation of a previously authorized assignment at any time that the employee chooses… The employing agency must process the employee's dues-revocation made after the first year "as soon as administratively feasible."

Policies

In 2020, the Authority issued five policy decisions to educate and guide the public:

- On February 14, 2020, in *Office of Personnel Management*, (71 FLRA No. 107, 0-PS-34), the Authority stated that 5 U.S.C. § 7115(a) is most reasonably interpreted as permitting revocation of dues assignments at any time after the first year of assignment and stated that it would pursue notice-and-comment rulemaking to that effect. The resulting regulation, 5 C.F.R. § 2429.19, is described above.
- On August 19, 2020, in *National Right to Work Legal Defense Foundation, Inc.*, (71 FLRA No. 178, O-PS-39), the Authority clarified that the Statute expressly authorizes only 'direct' lobbying and does not expressly authorize any other type of "indirect" or "grass roots" lobbying on official time.
- On September 30, 2020, in *United States Office Of Personnel Management*, (71 FLRA No. 191, 0-PS-38), the Authority stated that the Statute neither requires nor prohibits midterm bargaining, and that all proposals concerning midterm-bargaining obligations (including zipper clauses) are mandatory subjects for negotiation that may be bargained.
- On September 30, 2020, in *U.S. Department of Education and U.S. Department of Agriculture*, (71 FLRA No. 190, 0-PS-44), the Authority announced that "because the de

minimis standard is inconsistent with the purposes of the Statute, … an agency will not be required to bargain over a change to a condition of employment unless the change is determined to have a substantial impact on a condition of employment."

- On September 30, 2020, in *U.S. Department of Agriculture* (71 FLRA No. 192, 0-PS-46), the Authority clarified that when parties are renegotiating an existing collective-bargaining agreement and a continuance provision extends the operation of the agreement beyond the originally established, concrete expiration date, the first day of the extension period marks the beginning of a new term for the agreement under sections 7114(c) and 7116(a)(7) of the Statute. On that first day of the extension, all government-wide regulations that became effective during the previous term of the agreement will, where applicable, govern the parties immediately by operation of law, and the thirty-day period for agency-head review will begin.

Questionnaire

During the COVID-19 pandemic, FLRA implemented a customer questionnaire which was used in representation cases.

Strategic Goal 3: We will manage our resources effectively and efficiently, and recognize that our dedicated workforce is critical to the resolution of labor-relations disputes.

FLRA completed, and complied with, the three requirements of the President's Management Agenda, Cross-Agency Priority Goal 3, as required by the Director's memorandum "Maximization of Employee Performance Management and Engagement by Streamlining Agency Performance and Dismissal Policies and Procedures" dated September 25, 2019:

1. Reviewed whether agency policies create unnecessary barriers to addressing poor performance;
2. Removed steps and procedures for addressing poor performance and misconduct that are not required by statute or Federal regulation that is currently in force; and
3. Provided supervisors with policies and guidance regarding performance improvement plans (PIPs) pursuant to Chapter 43 (noting PIPs can be started at any point and not just at the end of the rating period) and guidance that unacceptable performance can be addressed through Chapter 75.

EO 13781

In full support of Executive Order 13781, *Comprehensive Plan for Reorganizing the Executive Branch*, (March 13, 2017) and Office of Management and Budget (OMB) Memorandum M-17-22, *Comprehensive Plan for Reforming the Federal Government and Reducing the Federal Civilian Workforce* (April 12, 2017), the Agency completed its process of taking a closer look at its structure and operations, and implemented solutions for streamlining and reducing costs across FLRA. It developed reform proposals and a long-term workforce plan focused on improving the Agency's efficiency, effectiveness, and accountability. Based on regional workload, flat budgets, increasing rental costs, and the availability of technology to improve operational efficiency, the final result was the closure of the Boston and Dallas Regional Offices in 2019 and 2018, respectively.

Travel and Training

Other reform efforts included sustaining the 25 percent across-the-board reduction in the Agency-wide travel and Agency-wide internal, employee-development training from 2017 through 2020. However, travel costs will increase for hearings once a GC is on board and for specific targeted statutory training to parties. In addition, increased funding was necessary for professional development of FLRA staff, was incorporated into the 2021 budget, and is continued in 2022.

Professional Development

With respect to professional development, despite budgetary limitations, FLRA continues to provide its employees with relevant, mission-related training and better identify training needs. This includes utilizing recommendations from the Agency's Professional Development Team such as the promotion of the use of employee individual development plans for all staff. The Agency has also continued to provide informal "lunch and learns" on a variety of mission-related and operational topics.

Additional Cost Reductions

FLRA has also committed to other administrative efforts to reduce costs. Where appropriate, the Agency will continue to tap existing Government-wide shared-services solutions, like those that it already uses for payroll, financial services, and travel. It will continue to seek out and utilize existing Government-wide procurement solutions and contracting flexibilities. These include using a General Services Administration (GSA) approved vendor that the Agency otherwise would not have found for its eFiling and Case Management projects, and piggybacking on the Library of Congress's FEDLINK contracting tool to procure Westlaw legal research services more easily.

All-Employee Meetings

FLRA had 6 all-employee WebEx meetings to keep employees engaged:

COVID All-Employee Meeting Dates
October 22, 2020
July 30, 2020
May 7, 2020
March 12, 2020

Pre-COVID All-Employee Meeting Dates
February 20, 2020 (Black History Event)
January 30, 2020

People: Developing a Workforce for the 21st Century

The mission accomplishments cited above are particularly noteworthy because, in 2020, the Agency has been operating with only 107 FTEs throughout most of 2020 due to attrition, retirements, and reduced funding in 2020.

Guided by its strategic plan, in 2020, FLRA continued its review of Agency performance-management systems (both General Schedule and Senior Executive Service) and individual employee performance plans to ensure that they directly align with the 2018-2022 Strategic Plan. Revised performance standards were implemented as part of a one-year pilot that began in 2020.

In support of these efforts to improve performance management, the Agency is working with the OPM to implement the USA Performance automated performance-management system in 2021. Automating the performance-management process using a tool that is compliant with all Federal performance-management regulations and OPM recommendations, will assist Agency managers – and the Agency as a whole – in increasing performance accountability.

OPM's FEVS provides employees an opportunity to influence change by submitting feedback about their work environment, agency leadership, and other important factors affecting morale and employee satisfaction. FLRA's 2019 overall response rate was 64 percent - 23 points higher than the Government-wide average of 41 percent. That rate is also in line with the small agency (100-999 employees) response rate of 67 percent.

In response to the 2019 FEVS feedback, the Agency continues to actively engage employees at all levels in Agency processes and to seek their opinions. The Strategic Plan Implementation Teams (with representation from headquarters, regional offices, and all of the components) continue to address the challenges raised by the recent FEVS results. Teams have conducted focus groups to better understand and address employee concerns. The teams, which include managers and non-managers, are:

(1) Professional Development Team
(2) Performance Communication Teams
    a. Authority
    b. OGC
    c. Administrative and Management
(3) Customer Engagement Team

(4) Employee Engagement Team
(5) Diversity & Inclusion Team
(6) Health & Wellness Team
(7) Agency Awards Development Team

The teams continue to focus on a variety of issues including revisions to performance plans for mission critical positions, improving customer engagement, and improving professional development within the Agency. These employee-led teams have recommended, for example, new performance standards for the majority of positions in the agency, completion of individual development plans by employees to identify their training needs, professional development opportunities, a new communication form implemented as a way of improving anonymous employee engagement, and recently recorded video presentations of educational material available on the FLRA website and YouTube channel. Many of the teams' recommendations were accepted and implemented in 2020. Teams continue to engage in discussions with leadership and have a prominent voice on how best to allocate the Agency's limited training dollars. This process continues to add value and has allowed employees to be engaged in the stewardship of the Agency and to offer innovative and creative solutions to problems they see in the workplace or its processes.

Consistent with OMB policy, FLRA provided a Workforce Fund Plan to guide the awards program in 2020. For 2021, as directed by OMB, the Agency will increase the award funding by one percent of non-SES/SL spending. To ensure that FLRA creates a comprehensive strategy to develop and foster a culture of recognition, both formal and informal, FLRA created an Agency Awards Development Team to not only create and implement the Agency's Workforce Fund Plan but also to provide innovative ideas to update the Agency's award policy. This review is to be completed in 2021.

IT Modernization

As noted above, FLRA is continuing its ongoing efforts to expand its IT capabilities to enhance mission performance by improving the quality and effectiveness of its internal- and external-customer-facing services – including increased use of cloud-based solutions, improving its IT security program, and developing innovative means for enhancing employees' ability to work remotely. The Agency also continues to improve its overall efficiency, as well as the customer service experience, by engaging in new and innovative ways to conduct business, such as through eFiling. In addition, the Agency has strategically emphasized IT modernization by implementing realistic and attainable equipment lifecycles.

In 2020, FLRA continued to execute its multi-year plan to achieve the long-term goal of implementing end-to-end electronic case files throughout the Agency. Originally a four-phase plan, the Agency has succeeded in merging Phases 2 and 3 of the original plan into a single implementation. This combination will allow the Agency to accelerate the realization of a fully electronic case file and compliance with OMB mandates.

1. Phase 1 was implementation of the upgraded eFiling "3.0" system. Addressing customer feedback, and after refining its approach, the Agency launched a more user-friendly and

intuitive user interface that is built on a new, cloud-based technology platform that will better support the Agency's long-term needs. This was completed in 2018.

2. The original goal of Phase 2 was to provide an integrated, more user friendly and intuitive user interface for the Agency's internal electronic CMS that mimicked the look and feel of eFiling 3.0. Phase 2 also included implementation of an Agency-wide DMS– an electronic, cloud-based "filing cabinet" that provides a framework for organizing digital and paper documents. The DMS also provides the necessary storage capacity and IT platform for the integration of eFiling, CMS, and DMS. The Agency has successfully implemented the DMS, and in 2020 completed the first pilot of the CMS with the Authority component.

3. Phase 3 was originally slated to consist of the integration of eFiling, CMS, and DMS. However, Phase 2 and Phase 3 have been combined. The Agency has successfully developed a full, end-to-end integrated and automated electronic casefile for the Authority component. The system is currently scheduled to go live before the end of 2020. The Agency now expects to complete development for the OGC in 2021 and to fully implement the new CMS across all components by the end of CY 2021.

4. Phase 3 (nee 4) is the transition to 100 percent electronic case files throughout the Agency, with a goal of September 30, 2022, for completion.

The Agency has relied on an agile development approach, both in how the systems are developed and with how the project is funded. As such, timelines associated with the plan have shifted over time, but the Agency still remains within target, and its overall costs are *well below* industry standards for similar undertakings. Further, despite the evolving nature of the approach, the goal and the results have remained the same: implementation of fully electronic case files throughout the Agency to enable the FLRA to increase its overall efficiency and effectiveness and meet the OMB mandate of electronic case files by December 2022.

It is important to note that should FLRA not receive the IT funds requested and approved by OMB in 2021, then significant delays will occur. Successful achievement of this goal will enable implementation of additional external and internal case processing improvements that will further maximize the use of technology and eliminate many of the labor-intensive, manual case processes that are currently in place. These case-processing improvements include reducing the time and expense that FLRA staff spends copying, scanning, mailing, and manually entering data; eliminating outdated facsimile service; reducing U.S. Postal Service costs by implementing electronic service of case-related documents by FLRA on the parties; reducing or eliminating delivery service costs for transferring paper case files between FLRA components; implementing a pilot program that would mandate FLRA parties to file all case-related documents electronically; and eventually mandating eFiling for all FLRA case filings. The greatest benefit will be the ability to redirect staff hours currently used to perform manual administrative tasks to perform other mission-critical functions.

In addition, FLRA continues to embrace its "cloud-first" approach. All of the Agency's major technical components – email, DMS, CMS, and eFiling – are hosted in the cloud. The pandemic significantly accelerated the Agency's plan to move its Video Teleconferencing (VTC) system to the cloud in 2020 and Voice over Internet Protocol (VoIP) in 2021. The Agency fully implemented the industry-standard Webex video conferencing system so that FLRA employees could continue to operate at 100 percent during social distancing. In 2020, the Agency transitioned to a new network cloud service provider, increasing the Agency's network bandwidth and saving the Agency roughly 40 percent of its network costs to invest in cybersecurity initiatives. FLRA continued to maintain its lifecycle for Agency computer hardware, completing an Agency refresh of key networking infrastructure components and specific data center hardware.

FINANCIAL SECTION

Principal Financial Statements

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 approximately 95% of the total assets in both FY 2019 and FY 2020. 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 $6.9 million at the end of FY 2020 from $6.5 million at the end of FY 2019. The Agency did not make any new fixed-asset purchases in FY 2020, while the net book value of property and equipment already owned experienced further depreciation.

Assets as of September 30,	2020	2019
Fund balance with the Treasury	$6,577,962	$6,167,641
General property and equipment	239,886	248,062
Accounts receivable	48,401	48,607
Prepaid expenses	36,956	49,655
Total	**$6,903,205**	**$6,513,966**

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 nearly 90 percent of total liabilities at the end of FY 2020. The remaining 10 percent reflects the amount owed by the FLRA to vendors and other Federal agencies for purchased goods and services. Agency liabilities totaled $3.9 million in FY 2019, and $4.0 million in FY 2020.

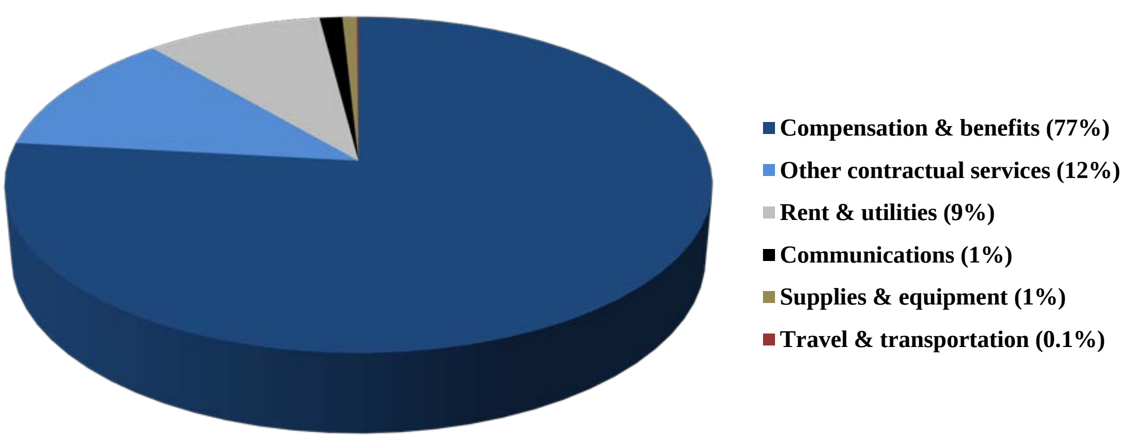
Liabilities as of September 30,	2020	2019
Unfunded leave	$1,459,318	$1,019,222
FECA liability	1,341,638	1,792,524
Accrued payroll and benefits	958,960	882,702
Accounts payable	261,607	166,022
Other Liabilities	1,400	11,138
Total	**4,022,923**	**3,871,608**

The FLRA's total net position at the end of FY 2020 was $2.9 million a $0.2 million 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 2020 was $25.2 million, which is $0.7 million more than FY 2019. In FY 2020, 60 percent of the Agency's direct resources were dedicated to the Authority, which includes central administrative services provided to the entire Agency; 36 percent were dedicated to the OGC; and the remaining 4 percent were devoted to the FSIP.

FY 2020 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 from FY 2019 to FY 2020 reflect a $18 thousand decrease totaling $2.5 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 an increase of $0.2 million in total, unexpended Agency appropriations in FY 2020.

Statement on Budgetary Resources

The Statement on Budgetary Resources reports the budgetary resources available to the FLRA during FY 2019 and FY 2020 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 $25.5 million in total budgetary resources available to it in FY 2020. The Agency incurred obligations of $25.1 million in FY 2020, with recording outlays of $24.2 million. Total budgetary resources decreased by $1.2 million in FY 2020, due primarily to a reduction in annual appropriations which resulted in decreased new obligations.

Federal Labor Relations Authority
BALANCE SHEET
(in dollars)
As of September 30, 2020 and 2019

	2020	2019
Assets:		
Intragovernmental		
Fund Balance With Treasury (Note 2)	$ 6,577,962	$ 6,167,641
Accounts Receivable (Note 3)	34,669	40,368
Prepaid Expenses	36,956	49,655
Total Intragovernmental	$ 6,649,587	$ 6,257,664
Accounts Receivable, Net (Note 3)	$ 13,732	$ 8,239
Property, Equipment, and Software, Net (Note 4)	239,886	248,062
Total Assets	**$6,903,205**	**$6,513,966**
Liabilities:		
Intragovernmental		
Accounts Payable (Note 5)	$ 36,802	$ -
Accrued Payroll and Benefits (Note 5)	215,959	173,242
FECA Unfunded (Note 5)	197,032	198,927
Other	1,400	10,850
Total Intragovernmental	$ 451,193	$ 383,019
Accounts Payable (Note 5)	$ 224,805	$ 166,022
Unfunded Leave (Note 5)	1,459,318	1,019,222
FECA Actuarial Liability (Note 5)	1,144,606	1,593,597
Accrued Payroll and Benefits (Note 5)	743,001	709,460
Other Liabilities (Note 6)	-	288
Total Liabilities	**$ 4,022,923**	**$ 3,871,608**
Net Position:		
Unexpended Appropriations - Other Funds	$ 5,394,350	$ 5,174,568
Cumulative Results of Operations - Other Funds	(2,514,068)	(2,532,210)
Total Net Position	**$ 2,880,282**	**$ 2,642,358**
Total Liabilities and Net Position	**$ 6,903,205**	**$ 6,513,966**

Accompanying notes are integral to these statements and may reflect rounding differences.

Federal Labor Relations Authority
STATEMENT OF NET COST
(in dollars)
For the Years Ended September 30, 2020 and 2019

	2020	2019
Gross Program Costs:		
Authority:		
Intragovernmental Costs	$ 5,849,713	$ 5,390,916
Public Costs	9,264,661	8,793,418
Total Program Costs	$ 15,114,374	$ 14,184,334
Less: Earned Revenue	(1,115)	(22,521)
Net Program Costs	**$ 15,113,259**	**$ 14,161,813**
Federal Services Impasse Panel:		
Intragovernmental Costs	$ 194,347	$ 184,877
Public Costs	786,688	611,694
Total Program Costs	$ 981,035	$ 796,571
Less: Earned Revenue	(500)	-
Net Program Costs	**$ 980,535**	**$ 796,571**
Office of General Counsel:		
Intragovernmental Costs	$ 2,162,826	$ 2,363,319
Public Costs	6,948,062	7,219,015
Total Program Costs	$ 9,110,888	$ 9,582,334
Less: Earned Revenue	-	(6,408)
Net Program Costs	**$ 9,110,888**	**$ 9,575,926**
Total Gross Program Costs	$ 25,206,297	$ 24,563,239
Less: Total Earned Revenue	(1,615)	(28,929)
Net Cost of Operations	**$ 25,204,681**	**$ 24,534,310**

Accompanying notes are integral to these statements and may reflect rounding differences.

Federal Labor Relations Authority
STATEMENT OF CHANGES IN NET POSITION
(in dollars)
For the Years Ended September 30, 2020 and 2019

	2020	2019
Unexpended Appropriations:		
Beginning Balances	$ 5,174,568	$ 2,864,908
Budgetary Financing Sources:		
Appropriations Received	$ 24,890,000	$ 26,200,000
Other Adjustments	(279,328)	(525,964)
Appropriations Used	(24,390,891)	(23,364,376)
Total Budgetary Financing Sources	$ 219,781	$ 2,309,660
Total Unexpended Appropriations	**$ 5,394,350**	**$ 5,174,568**
Cumulative Results of Operations:		
Beginning Balances	$ (2,532,210)	$ (2,493,570)
Budgetary Financing Sources:		
Appropriations Used	$ 24,390,891	$ 23,364,376
Other Financing Sources (Non-Exchange):		
Imputed Financing Sources	$ 831,882	$ 1,131,294
Other	50	-
Total Financing Sources	$ 25,222,823	$ 24,495,670
Net Cost of Operations	(25,204,681)	(24,534,310)
Net Change	$ 18,142	$ (38,640)
Cumulative Results of Operations	$ (2,514,068)	$ (2,532,210)
Net Position	**$ 2,880,282**	**$ 2,642,358**

Accompanying notes are integral to these statements and may reflect rounding differences.

Federal Labor Relations Authority STATEMENT OF BUDGETARY RESOURCES (in dollars) For the Years Ended September 30, 2020 and 2019		
	2020	**2019**
Budgetary Resources:		
Unobligated balance from prior year budget authority, net	$ 612,618	$ 467,118
Appropriations	24,890,000	26,200,000
Spending authority from offsetting collections	1,165	29,662
Total Budgetary Resources	**$ 25,503,783**	**$ 26,696,780**
Status of Budgetary Resources:		
New obligations and upward adjustments (Note 10)	$ 25,108,103	$ 26,386,975
Unobligated balance, end of year:		
Apportioned, unexpired account	14,319	34,427
Expired unobligated balance, end of year	381,361	275,378
Unobligated balance, end of year (total)	395,680	309,805
Total Budgetary Resources	**$ 25,503,783**	**$ 26,696,780**
Outlays, net:		
Outlays, net, (total)	$ 24,200,352	$ 23,980,695
Agency outlays, net	**$ 24,200,352**	**$ 23,980,695**

Accompanying notes are integral to these statements and may reflect rounding differences.

NOTE 1: SUMMARY OF 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 Office of Management and Budget (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 occur 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.

Accounting standards require all reporting entities to disclose that accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information.

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 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 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 Department of the Treasury for collection, which takes place 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. 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 2019 and FY 2020 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 will reimburse the Department of Labor (DOL) two years after the actual payment of expenses. Future revenues will be used for their 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) or a Civil Service Retirement System Offset (CSRS offset)-covered employee is transferred to the Office of Personnel Management (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 seven percent of each employee's salary and contributes seven 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 2019 and FY 2020 was $19,000 and $19,500, respectively. 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 up to a specified wage ceiling and 0.8 percent of an employee's gross earnings for retirement. In FY 2020, the FLRA matched the retirement withholdings with a contribution equal to 16.0 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 14.2 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 one 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 five 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 2019 and FY 2020 was $26,200,000 and $24,890,000, respectively.

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. 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.

P. 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.

Q. 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 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. Fund Balance with Treasury account balances as of September 30, 2020 and 2019 were as follows (In Dollars):

	2020	2019
Status of Fund Balance with Treasury:		
Unobligated Balance		
Available	$ 14,319	$ 34,427
Unavailable	381,361	275,377
Obligated Balance Not Yet Disbursed	6,182,282	5,857,837
Non-Budgetary FBWT	1	-
Total	$ 6,577,963	$ 6,167,641

No discrepancies exist between the Fund Balance reflected on the Balance Sheet and the balances in the Treasury accounts.

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 as described in the following paragraph.

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, unfilled orders, and undelivered orders that have reduced unexpended appropriations but have not yet decreased the fund balance on hand.

NOTE 3: ACCOUNTS RECEIVABLE, NET

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, 2020 and 2019. Accounts Receivable balances as of September 30, 2020 and 2019 were as follows (In Dollars):

	2020		2019	
Intragovernmental				
Accounts Receivable	$	34,669	$	40,368
Total Intragovernmental Accounts Receivable	$	34,669	$	40,368
With the Public				
Accounts Receivable	$	13,732	$	8,239
Total Public Accounts Receivable	$	13,732	$	8,239
Total Accounts Receivable	$	48,401	$	48,607

NOTE 4:   GENERAL PROPERTY, PLANT AND EQUIPMENT, NET

Schedule of General Property, Plant and Equipment, Net as of September 30, 2020 (In Dollars):

Major Class	Acquisition Cost		Accumulated Amortization/ Depreciation		Net Book Value	
Computer Equipment	$	270,613	$	76,674	$	193,939
Office Furniture		9,077		9,077		-
Construction-in-Progress		45,947		N/A		45,947
Total	$	325,637	$	85,751	$	239,886

Schedule of General Property, Plant and Equipment, Net as of September 30, 2019 (In Dollars):

Major Class	Acquisition Cost		Accumulated Amortization/ Depreciation		Net Book Value	
Computer Equipment	$	726,499	$	478,437	$	248,062
Office Furniture		9,077		9,077		-
Total	$	735,576	$	487,514	$	248,062

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 twelve 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.

Liabilities Covered and Not Covered by Budgetary Resources as of September 30, 2020 consist of the following (In Dollars):

	Covered		Not Covered		Total	
Intragovernmental Liabilities						
Accounts Payable	$	36,802	$	-	$	36,802
Accrued Payroll and Benefits		215,959		-		215,959
Unfunded FECA		-		197,032		197,032
Other		1,400		-		1,400
Total Intragovernmental Liabilities	$	254,161	$	197,032	$	451,193
Public Liabilities						
Accounts Payable	$	224,805	$	-	$	224,805
Unfunded Leave		-		1,459,318		1,459,318
FECA Actuarial Liability		-		1,144,606		1,144,606
Accrued Payroll and Benefits		743,001		-		743,001
Total Public Liabilities	$	967,806	$	2,603,924	$	3,571,730
Total Liabilities	$	1,221,967	$	2,800,956	$	4,022,923

Liabilities Covered and Not Covered by Budgetary Resources as of September 30, 2019 consist of the following (In Dollars):

	Covered		Not Covered		Total	
Intragovernmental Liabilities						
Accounts Payable	$	-	$	-	$	-
Accrued Payroll and Benefits		173,242		-		173,242
Unfunded FECA		-		198,927		198,927
Other		10,850		-		10,850
Total Intragovernmental Liabilities	$	184,092	$	198,927	$	383,019
Public Liabilities						
Accounts Payable	$	166,022	$	-	$	166,022
Unfunded Leave		-		1,019,222		1,019,222
FECA Actuarial Liability		-		1,593,597		1,593,597
Accrued Payroll and Benefits		709,460		-		709,460
Other		288		-		288
Total Public Liabilities	$	875,770	$	2,612,819	$	3,488,589
Total Liabilities	$	1,059,862	$	2,811,746	$	3,871,608

NOTE 6: OTHER LIABILITIES

Other liabilities as of September 30, 2020 consisted of the following (In Dollars):

	Current		Non-Current		2020 Total	
Intragovernmental						
Unemployment Insurance Liability	$	1,400	$	-	$	1,400
Total Other Liabilities	$	1,400	$	-	$	1,400

Other liabilities as of September 30, 2019 consisted of the following (In Dollars):

	Current		Non-Current		2019 Total	
Intragovernmental						
Unemployment Insurance Liability	$	10,798	$	-	$	10,798
Custodial Liability		52		-		52
Total Intragovernmental Liabilities	$	10,850	$	-	$	-
With the Public						
Withholdings Payable	$	(445)	$	-	$	(445)
Advances and Prepayments		733		-		733
Total Other Liabilities	$	288	$	-	$	733

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. All leases are federal.

Current Operating Leases

233 Peachtree Street NE, Atlanta, GA

The FLRA has an interagency agreement with the General Services Administration for office space at 233 Peachtree Street NE, Atlanta, GA. The term is for 156 months beginning on or about January 18, 2022. FLRA has the right to terminate the lease based on the availability of funds or with a four month notice at any point after the first twelve months of occupancy.

224 S. Michigan Avenue, Suite 445, Chicago, IL

The FLRA has an interagency agreement with the General Services Administration for office space at 224 S. Michigan Avenue, Suite 445, Chicago, IL. The term is for 120 months beginning on or about June 16, 2012. FLRA has the right to terminate the lease based on the availability of funds or with a four month notice at any point after the first twelve months of occupancy.

1244 Speer Boulevard, Denver, CO

The FLRA has an interagency agreement with the General Services Administration for office space at 1244 Speer Boulevard, Denver, CO. The term for the current agreement is for 120 months beginning on or about March 25, 2018. FLRA has the right to terminate the lease based on the availability of funds or with a four month notice at any point after the first twelve months of occupancy.

1400 K Street NW, Washington, DC

The FLRA has an interagency agreement with the General Services Administration for office space at 1400 K Street NW, Washington, DC. The term is for 60 months beginning on or about September 14, 2021. FLRA has the right to terminate the lease based on the availability of funds or with a four month notice at any point after the first twelve months of occupancy.

901 Market Street, San Francisco, CA

The FLRA has an interagency agreement with the General Services Administration for office space at 901 Market Street, San Francisco, CA. The term is for 120 months beginning on or about August 1, 2011. FLRA has the right to terminate the lease based on the availability of funds or with a four month notice at any point after the first twelve 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 financial position or results of operations of the FLRA. The agency examined its FY 2015 obligations prior to cancellation and believes that it does not have any outstanding commitments or contingencies that will require future resources to liquidate.

NOTE 9: INTRAGOVERNMENTAL COSTS AND EXCHANGE REVENUE

The classification of revenue or cost 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 2020 and 2019 consisted of the following:

	2020	2019
Direct Obligations, Category A	$ 25,106,937	$ 26,357,314
Reimbursable Obligations, Category A	1,165	29,662
Total Obligations Incurred	$ 25,108,102	$ 26,386,975

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, 2020 consisted of the following (In Dollars):

	Federal	Non-Federal	Total
Paid Undelivered Orders	$ 36,956	$ -	$ 36,956
Unpaid Undelivered Orders	2,055,952	2,905,762	4,961,714
Total Undelivered Orders	$ 2,092,908	$ 2,905,762	$ 4,998,670

The amount of budgetary resources obligated for undelivered orders at the end of September 30, 2019 consisted of the following (In Dollars):

	Federal	Non-Federal	Total
Paid Undelivered Orders	$ 49,656	$ -	$ 49,656
Unpaid Undelivered Orders	1,148,819	3,667,021	4,815,840
Total Undelivered Orders	$ 1,198,475	$ 3,667,021	$ 4,865,496

NOTE 12: EXPLANATION OF DIFFERENCES BETWEEN THE SBR 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 2021 President's Budget, with actual amounts for FY 2019, has been reconciled to the Statement of Budgetary Resources. The FY 2022 President's Budget, with actual amounts for FY 2020, will not be published until February 2021.

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 $1 for the year ended September 30, 2020. There were no custodial collections for the year ended September 30, 2019. 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 TO NET OUTLAYS

The reconciliation of net outlays, presented on a budgetary basis, and the net cost, presented on an accrual basis, provides an explanation of the relationship between budgetary and financial accounting information.

Reconciliation of Net Cost to Net Outlays as of September 30, 2020:

	Intragovernmental	With the Public	Total
Net Operating Cost (SNC)	$ 8,205,720	$ 16,998,961	$ 25,204,681
Components of Net Operating Cost Not Part of the Budgetary Outlays			
Property, plant, and equipment depreciation	$ -	$ (54,123)	$ (54,123)
(Increase)/Decrease in assets not affecting Budget Outlays:			
Accounts receivable	$ (5,699)	$ 5,493	$ (206)
Other assets	$ (12,699)	$ -	$ (12,699)
(Increase)/Decrease in liabilities not affecting Budget Outlays:			
Accounts payable	$ (36,802)	$ (58,784)	$ (95,586)
Salaries and benefits	$ (42,717)	$ (33,542)	$ (76,259)
Other liabilities	$ 11,345	$ 9,183	$ 20,528
Other financing sources:			
Imputed federal employee retirement benefit costs	$ (831,882)	$ -	$ (831,882)
Total Components of Net Operating Cost Not Part of the Budget Outlays	$ (918,454)	$ (131,773)	$ (1,050,227)
Components of the Budget Outlays That Are Not Part of Net Operating Cost			
Acquisition of capital assets	$ -	$ 45,948	$ 45,948
Other	$ (51)	$ 1	$ (50)
Total Components of the Budget Outlays That Are Not Part of Net Operating Cost	$ (51)	$ 45,949	$ 45,898
Net Outlays (Calculated Total)	$ 7,287,215	$ 16,913,137	$ 24,200,352

Reconciliation of Net Cost to Net Outlays as of September 30, 2019:

	Intragovernmental	With the Public	Total
Net Operating Cost (SNC)	$ 7,910,645	$ 16,623,665	$ 24,534,310
Components of Net Operating Cost Not Part of the Budgetary Outlays			
Property, plant, and equipment depreciation	$ -	$ (101,285)	$ (101,285)
(Increase)/Decrease in assets not affecting Budget Outlays:			
Accounts receivable	$ 30,254	$ 8,239	$ 38,493
Other assets	$ 31,514	$ -	$ 31,514
(Increase)/Decrease in liabilities not affecting Budget Outlays:			
Accounts payable	$ 328,155	$ 160,563	$ 488,718
Salaries and benefits	$ 14,587	$ 83,287	$ 97,874
Other liabilities	$ 12,581	$ (260,829)	$ (248,248)
Other financing sources:			
Imputed federal employee retirement benefit costs	$ (1,131,294)	$ -	$ (1,131,294)
Total Components of Net Operating Cost Not Part of the Budget Outlays	$ (714,203)	$ (110,025)	$ (824,228)
Components of the Budget Outlays That Are Not Part of Net Operating Cost			
Acquisition of capital assets	$ -	$ 270,613	$ 270,613
Other	$ 2	$ (2)	$ -
Total Components of the Budget Outlays That Are Not Part of Net Operating Cost	$ 2	$ 270,611	$ 270,613
Net Outlays (Calculated Total)	$ 7,196,444	$ 16,784,251	$ 23,980,695
Related Amounts on the Statement of Budgetary Resources			
Outlays, net, (total) (SBR 4190)			23,980,695
Outlays, Net (SBR 4210)			$ 23,980,695

Report of Independent Auditors

The Report of Independent Auditors is provided below.

DEMBO·JONES
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

Independent Auditor's Report

Colleen Duffy Kiko, Chairman
Federal Labor Relations Authority

In our audits of the Fiscal Years 2020 and 2019 financial statements of Federal Labor Relations Authority (FLRA) we found:

a) FLRA's financial statements as of and for the Fiscal Years ended September 30, 2020 and 2019, are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles;

b) no material weaknesses in internal control over financial reporting based on the limited procedures we performed; and

c) no reportable noncompliance for Fiscal Year 2020 with provisions of applicable laws, regulations, and contracts we tested.

The following sections discuss in more detail (1) our report on the financial statements, which includes required supplementary information (RSI), such as "Management's Discussion and Analysis"; (2) our report on internal control over financial reporting; (3) our report on compliance with laws, regulations, and contracts; and (4) agency comments.

Report on the Financial Statements

In accordance with U.S. generally accepted government auditing standards (GAGAS) and Office of Management and Budget (OMB) Bulletin No. 19-03, *Audit Requirements for Federal Financial Statements*, we have audited FLRA's financial statements. FLRA's financial statements comprise the balance sheets as of September 30, 2020 and 2019; the related statements of net cost, changes in net position, and budgetary resources for the Fiscal Years then ended; and the related notes to the financial statements.

We conducted our audits in accordance with GAGAS. We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Management's Responsibility for the Financial Statements

FLRA's management is responsible for (1) the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; (2) preparing, measuring, and presenting the RSI in accordance with U.S. generally accepted accounting principles; (3) preparing and presenting other information included in documents containing the audited financial statements and auditor's report, and ensuring the consistency of that information with the audited financial statements and the RSI; and (4) maintaining effective internal control over financial reporting, including the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. GAGAS require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. We are also responsible for applying certain limited procedures to RSI and other information included with the financial statements.

An audit of financial statements 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 auditor's 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit of financial statements also involves evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audits also included performing such other procedures as we considered necessary in the circumstances.

Opinion on Financial Statements

In our opinion, FLRA's financial statements present fairly, in all material respects, FLRA's financial position as of September 30, 2020 and 2019, and its net costs of operations, changes in net position, and budgetary resources for the fiscal years then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles issued by the Federal Accounting Standards Advisory Board (FASAB) require that the RSI be presented to supplement the financial statements. Although the RSI is not a part of the financial statements, FASAB considers this information to be an essential part of financial reporting for placing the financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with GAGAS, which consisted of inquiries of management about the methods of preparing the RSI and comparing the information for consistency with management's responses to the auditor's inquiries, the financial statements, and other knowledge we obtained during the audit of the financial statements, in order to report omissions or material departures from FASAB guidelines, if any, identified by these limited procedures. We did not audit and we do not express an opinion or provide any assurance on the RSI because the limited procedures we applied do not provide sufficient evidence to express an opinion or provide any assurance.

Other Information

FLRA's other information contains a wide range of information, some of which is not directly related to the financial statements. This information is presented for purposes of additional analysis and is not a required part of the financial statements or the RSI. We read the other information included with the financial statements in order to identify material inconsistencies, if any, with the audited financial statements. Our audit was conducted for the purpose of forming an opinion on FLRA's financial statements. We did not audit and do not express an opinion or provide any assurance on the other information.

Report on Internal Control over Financial Reporting

In connection with our audits of the FLRA's financial statements, we considered the FLRA's internal control over financial reporting, consistent with our auditor's responsibility discussed below. We performed our procedures related to the FLRA's internal control over financial reporting in accordance with GAGAS.

Management's Responsibility

FLRA management is responsible for maintaining effective internal control over financial reporting, including the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

In planning and performing our audit of FLRA's financial statements as of and for the year ended September 30, 2020, in accordance with GAGAS, we considered the FLRA's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the FLRA's internal control over financial reporting. Accordingly, we do not express an opinion on the FLRA's internal control over financial reporting. We are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses. We did not consider all internal controls relevant to operating objectives, such as those controls relevant to preparing performance information and ensuring efficient operations.

Definition and Inherent Limitations of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, the objectives of which are to provide reasonable assurance that (1) transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition, and (2) transactions are executed in accordance with provisions of applicable laws, including those governing the use of budget authority, regulations, and contracts, noncompliance with which could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements due to fraud or error.

Results of Our Consideration of Internal Control over Financial Reporting

Our consideration of internal control was for the limited purpose described above, and was not designed to identify all deficiencies in internal control that might be material weaknesses and significant deficiencies or to express an opinion on the effectiveness of the FLRA's internal control over financial reporting. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Intended Purpose of Report on Internal Control over Financial Reporting

The purpose of this report is solely to describe the scope of our consideration of the FLRA's internal control over financial reporting and the results of our procedures, and not to provide an opinion on the effectiveness of the FLRA's internal control over financial reporting. This report is an integral part of an audit performed in accordance with GAGAS in considering internal control over financial reporting. Accordingly, this report on internal control over financial reporting is not suitable for any other purpose.

Report on Compliance with Laws and Regulations

In connection with our audits of FLRA's financial statements, we tested compliance with selected provisions of applicable laws, regulations, and contracts consistent with our auditor's responsibility discussed below. We caution that noncompliance may occur and not be detected by these tests. We performed our tests of compliance in accordance with GAGAS.

Management's Responsibility

FLRA management is responsible for complying with laws, regulations, and contracts applicable to FLRA.

Auditor's Responsibility

Our responsibility is to test compliance with selected provisions of applicable laws, regulations, and contracts applicable to FLRA that have a direct effect on the determination of material amounts and disclosures in FLRA's financial statements, and perform certain other limited procedures. Accordingly, we did not test compliance with all laws, regulations, and contracts applicable to FLRA.

Results of Our Tests for Compliance with Laws and Regulations

Our tests for compliance with selected provisions of applicable laws, regulations, and contracts disclosed no instances of noncompliance for Fiscal Year 2020 that would be reportable under GAGAS. However, the objective of our tests was not to provide an opinion on compliance with laws, regulations, and contracts applicable to FLRA. Accordingly, we do not express such an opinion.

Intended Purpose of Report on Compliance with Laws and Regulations

The purpose of this report is solely to describe the scope of our testing of compliance with selected provisions of applicable laws, regulations, and contracts, and the results of that testing, and not to provide an opinion on compliance. This report is an integral part of an audit performed in accordance with GAGAS in considering compliance. Accordingly, this report on compliance with laws, regulations, and contracts is not suitable for any other purpose.

Dembo Jones, P.C.

North Bethesda, Maryland
November 16, 2020

OTHER ACCOMPANYING INFORMATION

SUMMARY OF FINANCIAL STATEMENT AUDIT

Audit Opinion:	Unqualified				
Restatement:	No				
	Beginning Balance	New	Resolved	Consolidated	Ending Balance
Material weaknesses	0	0	0	0	0

SUMMARY OF MANAGEMENT ASSURANCES

Effectiveness of Internal Control over Financial Reporting (FMFIA § 2)						
Statement of Assurance:	Unqualified					
	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Material weaknesses	0	0	0	0	0	0

Effectiveness of Internal Control over Operations (FMFIA § 2)						
Statement of Assurance:	Unqualified					
	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Material weaknesses	0	0	0	0	0	0

Conformance with Financial Management System Requirements (FMFIA § 4)						
Statement of Assurance:	Systems conform					
	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Non-conformances	0	0	0	0	0	0

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.

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