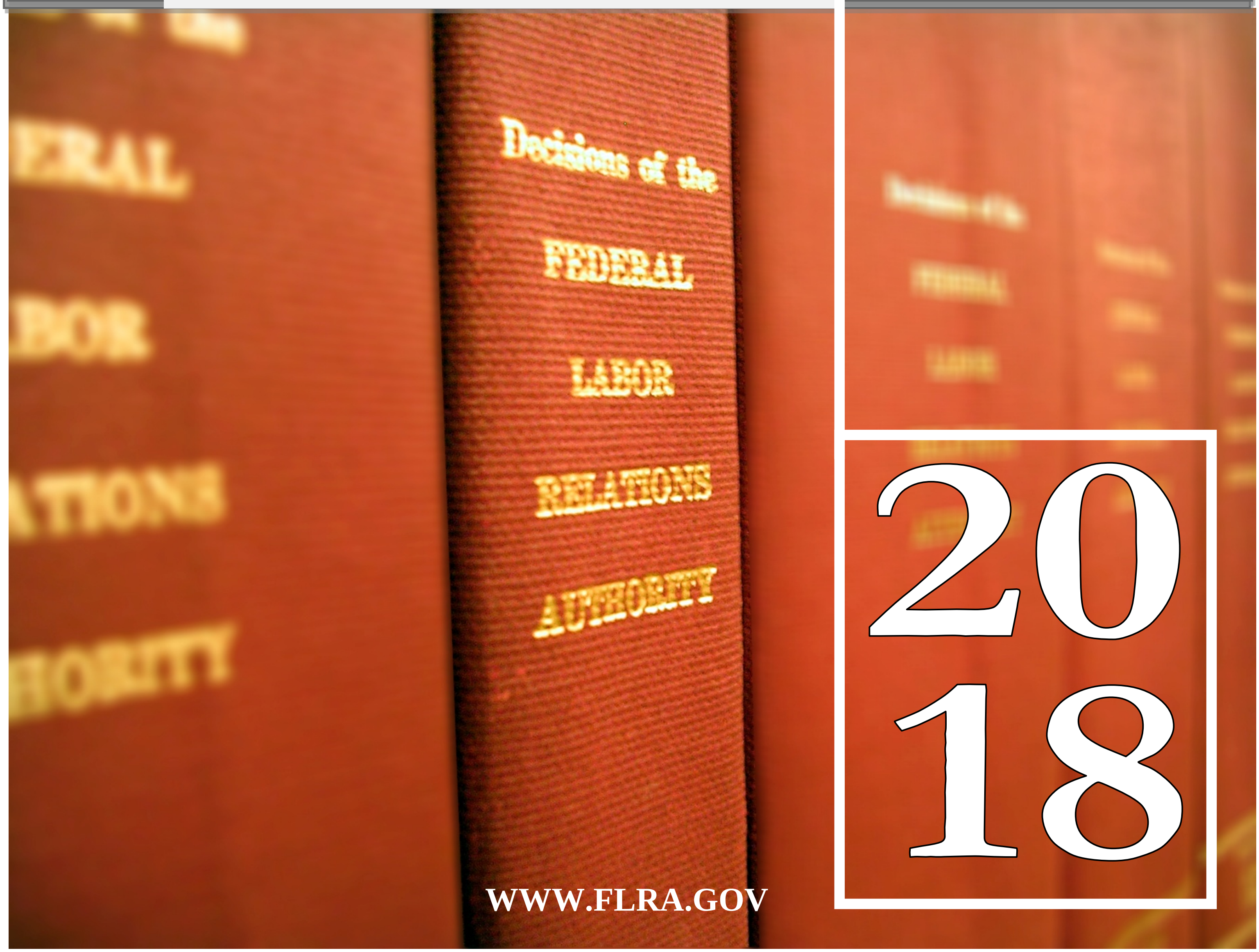
Thirty-nine years – promoting and protecting labor-management relations for effective, efficient Government.

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



2018

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UNITED STATES
FEDERAL LABOR RELATIONS AUTHORITY

Performance and Accountability Report
Fiscal Year 2018

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MESSAGE FROM THE CHAIRMAN

I am pleased to submit the FY 2018 Performance and Accountability Report for the Federal Labor Relations Authority (FLRA). Although this has been a challenging year with vacancies in key leadership positions, it was also another successful and productive year. The employees in this Agency are fully committed to the mission of this Agency and, despite changes and transitions, have been remarkably present and hard working.

For the first three months of FY 2018, there were only two Members of the Authority. The Members' staffs continued to prepare draft decisions; however when the two Members were unable to reach consensus on the disposition of a case, no decision could issue. On December 11, 2017, the FLRA welcomed two new Members (one of whom was designated Chairman) and swore in an existing Member for a new term. This restored the Authority to a full complement of three Members to tackle the backlog of "overage" cases that had accrued. From December 2017 (when the Authority was restored to a full complement of Members) through September 2018, the Authority issued a total of 115 merits decisions (an average of almost 12 decisions per month) as compared to issuing only 52 merits decisions during the same time period in FY 2017 (an average of 5 decisions per month). Of the cases pending in the Member offices' inventory when the Authority regained a full complement of Members, only five currently remain.

The Office of Administrative Law Judges (OALJ) – also part of the Authority – met or substantially met all of its performance goals in FY 2018. Absent a General percent Counsel or Acting General Counsel, the OALJ has received no new cases since November 2017. All of the cases that were on the OALJ docket were issued by the end of FY 2018. In the meantime, the Administrative Law Judges (ALJs) are performing work for other agencies through the ALJ Loan Program on a reimbursable basis. Additionally, the ALJs – consistent with governing regulations – are drafting decisions for the Authority in matters other than ULP cases.

In FY 2018, the Federal Service Impasses Panel exceeded all of its performance measures for assisting parties in resolving their negotiation impasses. For the first three quarters of FY 2018, the Panel received 92 filings (an average of 7 new filings each month). Case filings increased to 9 cases filed in the month of September.

The FLRA has been without a presidentially-nominated, Senate-confirmed General Counsel since January 20, 2017. Despite the challenges this vacancy created, the Office of General Counsel (OGC) continued delivering strong results in FY 2018. The OGC exceeded its strategic performance goals for the timely resolution of ULP cases, resolving 88 percent (2,682 of 3,060) of ULP cases by issuance of a complaint (during the period that it had an Acting General Counsel), or by the withdrawal, dismissal or settlement of the ULP charge, within 120 days of the charge's filing date. It also exceeded its performance goals for timely resolution of representation cases, resolving 82 percent (195 of 239) of representation petitions by withdrawal, election or issuance of a Decision and Order within 120 days of filing.

The OGC also focused on implementing aspects of the FLRA Agency Reform Plan – specifically, to consolidate the OGC's Regional Offices from seven to five by closing the Dallas and Boston Regional Offices. As part of this consolidation, all 16 affected OGC employees were offered reassignment and paid relocation to another region, or to the FLRA headquarters. Seven of those employees elected to relocate. The Dallas Regional Office closed on September 30, 2018 and the Boston Regional Office is on track for closure by November 30, 2018.

In order to implement the new jurisdictional boundaries resulting from the regional office consolidation, the FLRA issued procedural regulations to reflect the Dallas Regional Office closure on September 30, 2018. It also issued web-based guidance, press releases and responses to "frequently asked questions" to ensure that the parties were aware of these changes and of the appropriate geographical region in which to file cases. It will issue similar regulations and guidance materials to reflect the Boston Regional Office closure on November 30, 2018.

The agency continues to make tremendous strides toward advancing our new and improved case management system to allow for integration with our Document Management System and our new eFiling 3.0.

As Chairman of the FLRA, I certify that no material weaknesses were found in the design or operation of our internal controls and financial systems, as discussed in more detail in this report. I have also made every effort to verify the accuracy and completeness of the performance data presented in this report.

Colleen Duffy Kiko, Chairman
Federal Labor Relations Authority
November 15, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

BACKGROUND AND MISSION

The 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, the FLRA's 2015-2018 mission was: *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.*

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

1. Conduct hearings and resolve complaints of unfair labor practices (ULPs) under § 7118 of the Statute. *Id.* § 7105(a)(2)(G). The 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). The 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). The 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). The 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.

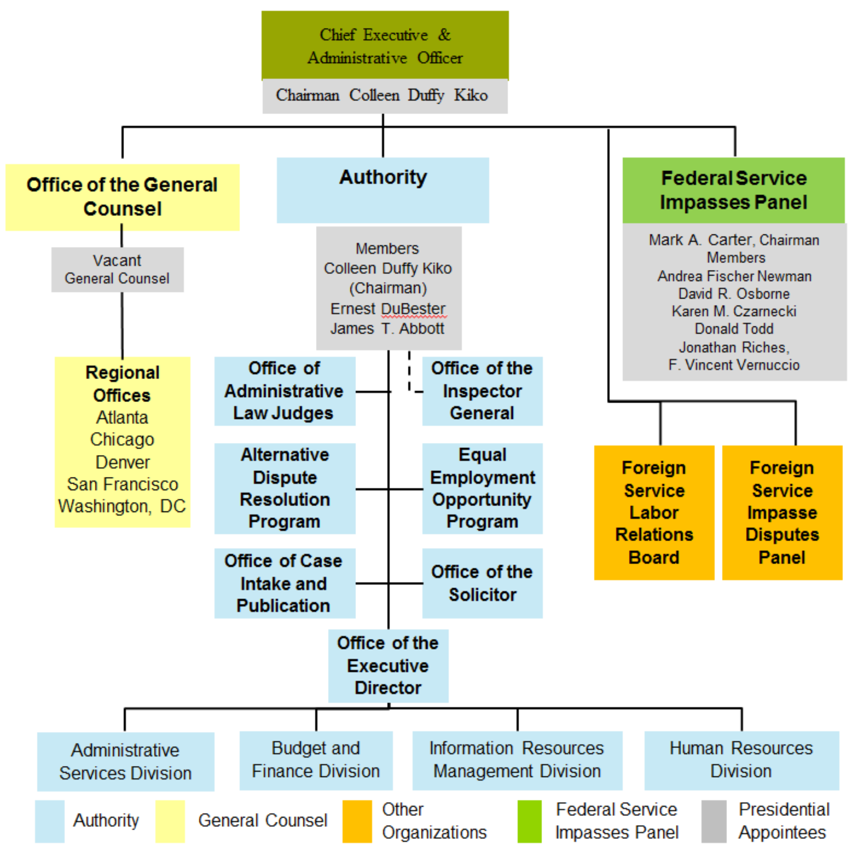
5. Provide assistance in resolving negotiation impasses between Federal agencies and exclusive representatives. *Id.* § 7119.

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

ORGANIZATIONAL STRUCTURE

Headquartered in Washington, D.C., the 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 the FLRA's chief executive and administrative officer. 5 U.S.C. §§ 7104(b).

The Authority

The Authority – the 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 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), the Alternative Dispute Resolution Program, and the Equal Employment Opportunity Program. Standing as an independent entity within the Authority is the Office of Inspector General.

The Office of the General Counsel

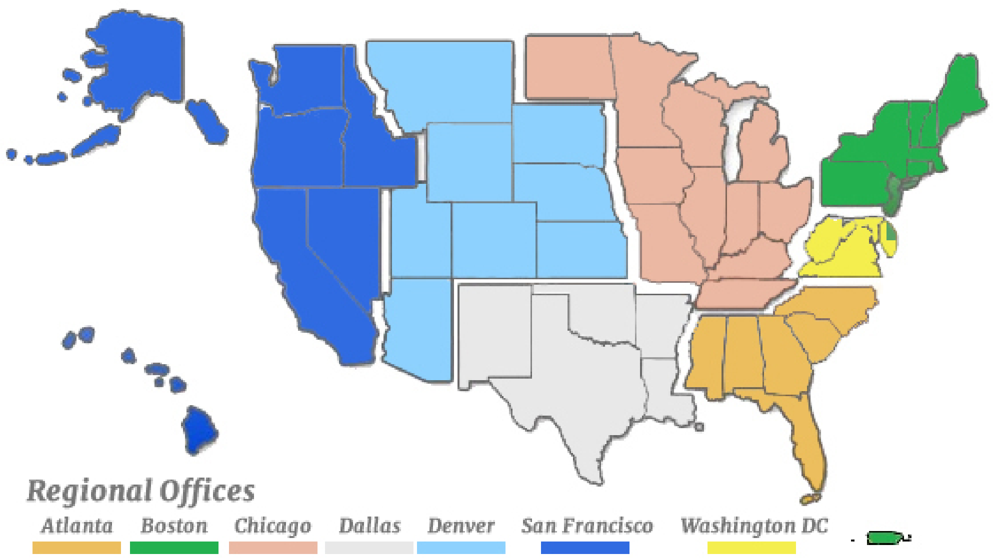
The Office of the General Counsel (OGC) is led by a presidentially nominated and Senate-confirmed General Counsel who has direct authority over, and responsibility for, all employees in the OGC, including those in the FLRA's Regional Offices.

Under the Statute, the General Counsel has sole responsibility – independent of the Authority – over the investigation and prosecution of ULP cases. The General Counsel's determinations in these matters are final and unreviewable. The 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 (REP) cases and conduct secret-ballot elections.

The General Counsel has a small staff at FLRA Headquarters, located in Washington, D.C. Headquarters management provides administrative oversight; develops policies, guidance, procedures, and manuals that provide programmatic direction for the Regional Offices and training and education for the parties; and processes appeals from the Regional Offices' dismissals of ULP charges. Each Regional Office is headed by a Regional Director who provides leadership and management expertise for the respective region. Collectively, the Regional Directors work with senior management throughout the FLRA to develop and implement policy and strategic initiatives to accomplish the FLRA mission.

Consolidation of the Agency's regional offices involved closure of the Dallas Regional Office at the very end of FY 2018 and the planned closure of the Boston Regional Office in the first two months of FY 2019. On November 30, 2018, the FLRA will have five Regional Offices: Atlanta, Georgia; Chicago, Illinois; Denver, Colorado; San Francisco, California; and Washington, D.C.

Map of the Regional Offices throughout FY 2018:



The Federal Service Impasses Panel

The FSIP is composed of seven part-time Presidential appointees – a Chairman and at least six other Members – who are appointed to fixed, staggered five-year terms. The FSIP provides assistance 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.

STRATEGIC AND PERFORMANCE-PLANNING FRAMEWORK

The FLRA established strategies and goals designed to maximize the delivery of Agency services throughout the Federal Government through a comprehensive review – by leadership at all levels throughout the Agency – of its operations, staffing, work processes, resource allocations, and performance. Throughout FY 2018, the FLRA engaged in a continuous assessment of performance and other data to ensure that it accomplished its mission, effectively and efficiently, and that it promoted innovation throughout the Agency.

The FLRA's FY 2018 performance-planning framework was based on the Agency's FY 2015 - 2018 Strategic Plan, and supported by the Agency's Annual Performance Plan, which established the Agency's annual performance goals and measures. The Annual Performance Plan reflected the Agency's commitment to meaningful metrics to assist in assessing performance outcomes, aligning resources, and effectively identifying staffing and training needs. The Annual Performance Plan also demonstrated the FLRA's ongoing commitment to organizational excellence.

Consistent with the government-wide initiative to leverage existing data to facilitate agencies' programmatic work and enhance the value of data set forth in Office of Management and Budget (OMB) Memorandum No. 14-06, *Guidance for Providing and Using Administrative Data for Statistical Purposes*, the FLRA continually and strategically monitored its progress in accomplishing the goals and measures set forth in the Annual Performance Plan. This ongoing, Agency-wide review was conducted on a monthly basis with distribution of the Monthly Analysis of Performance and Status (MAPS) Report, which contained statistical case and performance data derived from the FLRA's Case Management System (CMS) and Agency management. The Agency examined the data contained in the MAPS Report in a variety of forums. At the component and office levels, there were also daily performance assessments using a variety of reports, including: case-filing reports, which tracked the number and age of cases; case-status reports, which tracked the status of all assigned *pending* cases within the Authority, the OGC, and the FSIP; and monthly disposition reports, which tracked the number, age, and resolution type of every *closed* case within the Authority and the OGC.

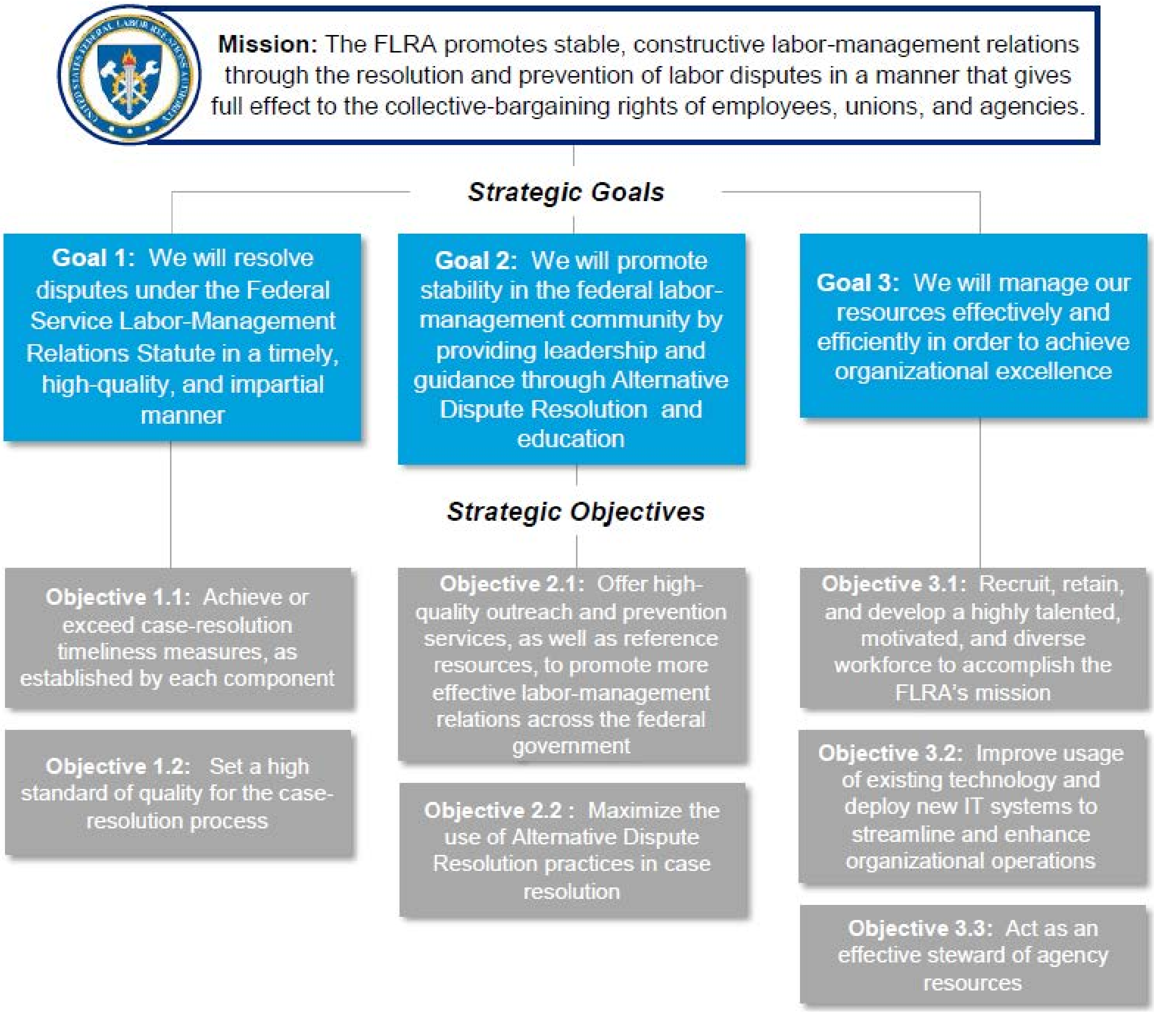
The analysis and assessment of these reports drove, among other things: adjustments in workload through case transfers at the national, regional, and office levels; decisions to target services (including training, facilitations, and on-site investigations) to certain parties or geographical locations; and reallocation of resources, including use of details and contract support.

FY 2018 Performance Goals
1.1.1: Produce timely review and disposition of unfair-labor-practice cases.
1.2.1: Resolve overage unfair-labor-practice cases in a timely fashion.
1.1.2: Produce timely review and disposition of representation cases.
1.2.2: Resolve overage representation cases in a timely fashion.
1.1.3: Produce timely review and disposition of arbitration cases.
1.2.3: Resolve overage arbitration cases in a timely fashion.
1.1.4: Produce timely review and disposition of negotiability cases.
1.2.4: Resolve overage negotiability cases in a timely fashion.
1.1.5: Produce timely review and disposition of bargaining-impasse cases.
2.1.1: Provide targeted access to training, outreach, and facilitation activities within the labor-management community.
2.2.1: Successfully resolve a significant portion of FLRA cases through ADR.
3.1.1: Recruit, retain, and develop a highly talented, motivated, and diverse workforce to accomplish the FLRA's mission.
3.1.2: Improve use of existing technology and deploy new IT systems to streamline and enhance organizational operations.

2015-2018 Strategic Plan

The 2015-2018 Strategic Plan established strategies and goals designed to maximize the delivery of Agency services throughout the Federal government. In addition, the FLRA identified performance goals that allowed the Agency to both monitor progress towards achieving its strategic goals and to recalibrate strategies, as necessary, for maximum mission performance. This continued the FLRA's increased focus on targeted data collection and data-driven leadership and decision-making. In developing the strategic plan, the FLRA referenced evidence-based performance and resource trends. Data collected was intended to measure progress against this strategic plan and overall mission performance and effectiveness.

The FLRA sought to achieve its strategic goals primarily through the timely, high-quality, and impartial review and disposition of cases. The Agency supplemented these efforts with a focus on reducing litigation and its attendant costs by helping parties to resolve their own disputes through collaboration, ADR, education, and labor-management-cooperation activities. Further supporting these efforts in FY 2018 was the FLRA's focus on more effective and efficient use of human capital and internal improvements in information technology (IT).



Timeliness and Quality

Continued improvements in the timeliness of case disposition further the FLRA's critical role in facilitating orderly, effective, and efficient change within the Federal Government. In large part, the FLRA exists to promote effective labor-management relations that, in turn, permit improved employee performance and Government operations. Timely resolution of FLRA cases is critical to this endeavor. Effective case resolution includes quality issues: effective process execution; clear communication with the parties around case processes; and the issuance of well-written and understandable decisions that provide deliberate, impartial, and legally sound analyses and consideration of the issues in dispute.

Alternative Dispute Resolution and Education

Throughout the years, the FLRA has recognized the many benefits associated with using ADR to assist the parties to reach agreement on the issues prior to reaching a full written decision on the issues. In addition, the FLRA's training initiatives are intended to better serve the FLRA's customers by providing meaningful and clear guidance on statutory rights and responsibilities. The FLRA delivers its educational materials through a variety of means, such as: in-person training sessions; comprehensive, web-based training modules; and case outlines, manuals, and subject-matter guides that are easily accessible on www.FLRA.gov. All of these materials were developed to assist customers from the Federal labor-management-relations community.

Information Technology (IT)

Consistent with the President's Management Agenda (PMA) Cross-Agency Priority (CAP) Goal 1, *Modernize IT to Increase Productivity and Security*, and the Agency's strategic plan, the FLRA continued 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, such as email, Case Management, and Document Management. By adopting cloud-based solutions that are FEDRAMP certified – such as Microsoft Office 365 and Amazon Web Services – the Agency improved its IT security by leveraging those vendors' extensive resources to protect and segregate Government data with the best information security practices.

The Agency also continued 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 our improved electronic case filing (eFiling 3.0). In addition, the Agency strategically emphasized IT modernization by implementing realistic and attainable equipment lifecycles.

During FY 2018, the FLRA continued to make improvements through smaller-scale projects, such as ongoing efforts to enhance the VTC System, which will reduce necessary travel expenditures and provide more opportunities to offer training to Agency employees and its customers.

IT Action and Planning in FY 2018:

In FY 2018, using agile methodology, the FLRA continued to execute its multi-year, four-phase plan to achieve its long-term goal of implementing end-to-end electronic case files throughout the Agency and complying with OMB mandates to do so by the end of calendar year 2019.

1. Phase 1 was the successful redesign and launch of eFiling 3.0 in FY 2018 using agile development and state-of-the art, cloud-based technology. 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 technical platform that will better support the Agency's long-term needs.

2. Phase 2 is to provide a similar, more user-friendly and intuitive user interface for the Agency's internal electronic Case Management System (CMS). Phase 2 also includes implementation of an Agency-wide Document Management System (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 eventual integration of eFiling, CMS, and DMS. The Agency has already implemented the DMS in FY 2017. Work on the new CMS has begun, using the same technology and building on the lessons learned during development, testing, and implementation of eFiling 3.0. Phase 2 is underway, and it will run through FY 2019. This is the most time-consuming and expensive phase of the project, and the Agency diverted funds from this effort in FY 2018 in order to make as much progress as possible on the regional-office consolidation. The FLRA goal is to implement the new CMS across all offices by the end of calendar-year 2019; however, this schedule is greatly dependent on funding.

3. Phase 3 is the integration of the automated connection between eFiling, CMS, and DMS. In FY 2018 the Agency began work on this Phase which will redevelop our CMS on a different platform. Although not originally contemplated, redeveloping the CMS makes sound technical sense because it avoids reengineering down the road, and ultimately saves the Agency money in the long run. Work will continue through the end of FY 2020.

4. Phase 4 is the transition to 100 percent electronic case files throughout the Agency, with a goal of September 30, 2020, for completion. In FY 2018 work continued on all phases which ultimately contributed to the planning for this final phase.

Despite that timelines associated with the electronic case file, four-phase implementation plan have shifted over time, the Agency remains within target to complete this initiative on time, 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.

Successful achievement of this goal will enable implementation of additional external and internal case-processing improvements that further maximize the use of technology and eliminate many of the labor-intensive, manual case processes. The greatest benefit will be the ability to redirect staff hours currently used to perform manual administrative tasks to perform other mission-critical functions. These case-processing improvements include: reducing the time and expense that FLRA staff spends copying, scanning, mailing, and entering data; eliminating outdated facsimile service; reducing U.S. Mail costs by implementing electronic service of case-related documents by the FLRA on the parties; reducing – or eliminating – Fed Ex costs for transferring paper case files between FLRA offices; 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.

In addition, the FLRA embraced its "cloud-first" approach by migrating the Agency's email system to the cloud in FY 2018. All of the Agency's major technical components – email, Document Management System, Case Management System, and eFiling – are now in the cloud, offering better redundancy and backups that can be leveraged to improve the Agency's Continuity of Operations Plan (COOP). This is a major achievement and another example of the Agency's sustained commitment to continually modernizing IT.

Human Capital

In FY 2018, FLRA employees continue to be engaged by responding to the Federal Employee Viewpoint Survey (FEVS). The overall response rate was 75 percent. This is well above the 41 percent Government-wide rate as well as the 67 percent response rate among small agencies (100-999 employees). The FLRA will continue to use the FEVS as a tool to assist it in providing strategic direction and vision for the Agency.

The FLRA is in the final stages of implementation of the Agency's FY 2018 reform effort. This was designed to be consistent with Executive Order No. 13781, *Comprehensive Plan for Reorganization the Executive Branch* and OMB Memorandum, M-17-22, *Comprehensive Plan for Reforming the Federal Government and Reducing the Federal Civilian Workforce*. The FLRA therefore established a cross-component working group responsible for obtaining internal and external input to develop the overall implementation plan. One of the major initiatives of the reform effort was the development of a Regional Office consolidation plan, consistent with the FLRA's ongoing efforts and OMB mandates since 2010 to reduce or eliminate physical footprint and rent costs. This resulted in reorganization and reduced the Agency's regional office presence from seven to five offices, physically closing the FLRA's Dallas Office in FY 2018 and planning for the closure of the Boston Office in early FY 2019. The Agency reorganized the workload across the remaining five Regional Offices and offered all affected employees positions in either another Region or the Washington, DC Headquarters through reassignment.

Also in FY 2018, the FLRA completed a comprehensive, Agency-wide position classification review to confirm that all position descriptions properly reflected the actual duties of the position and that the accompanying cover sheets were accurate. This review has been critical in conducting "need-to-fill" evaluations and the requisite job analysis associated with the recruitment efforts for these positions.

The FLRA is currently developing strategy for the implementation of OPM's performance-management system: USA Performance, a software solution provided to assist Federal agencies in implementing their Senior Executive Service (SES) and Non-SES performance management programs and systems. USA Performance is designed by Federal performance management experts and maintained by OPM. It offers a core suite of functionalities that will meet a variety of performance management processes while ensuring compliance with Federal regulations and consistency with OPM recommendations. USA Performance is compliant with Federal performance management regulations and meets Federal IT security requirements. The implementation of USA Performance is also a significant component of the Agency plan developed for maximizing employee performance in response to OMB's M-17-22 memorandum *Comprehensive Plan for Reforming the Federal Government and Reducing the Federal Civilian Workforce*..

All Federal employees are required to undergo a security background check when they enter Federal service. Most investigations should be reviewed and updated every 5, 7, or 10 years, depending on the sensitivity of the employee's position. Although the FLRA had been conducting the required security background checks for new FLRA hires in recent years, most FLRA employees who had been on board for more than 5 years did not have a current investigation/re-investigation in their files. As a result of these findings FLRA completed security background checks and worked with FLRA leadership to determine the circumstances in which a new background check needed to be conducted.

In August 2004, President George W. Bush issued Homeland Security Presidential Directive 12 (HSPD-12) which mandated new standards for secure and reliable personal identification for all Federal employees and contractors. These standards are based on sound criteria for verifying an employee's identity; strongly resistant to identify fraud, tampering, counterfeiting, and terrorist exploration; and includes rapid electronic authentication. To ensure the FLRA's compliance with HSPD-12, in FY 2018 the Human Resources Division (HRD) and the Administrative Services Division (ASD) worked cross-departmentally to make certain that all FLRA employees received an HSPD-12 Personal Identity Verification (PIV) card. This included both divisions facilitating the security adjudication process for all employees so that they were properly cleared to receive an HSPD-12 badge.

The FLRA continued to be committed to fostering a workplace where employees from all backgrounds are recruited, retained, and developed for successful performance and career progression. In FY 2018, the Agency used Schedule A hiring authorities for persons with disabilities as well as Veterans' Appointing Authorities in recruitment. This was to ensure a diverse workforce, including the hiring of people with disabilities and veterans, as part of the overall recruitment strategy for each recruitment effort.

The Agency continues to actively engage employees at all levels in Agency processes and to seek their opinions. For example, the Agency's efforts in FY 2018 to develop its 2018-2022 Strategic Plan resulted in an employee-driven, employee-developed, and employee-drafted document. Forty FLRA employees from every level, every Agency component, and every region of the country – more than one-third of the Agency's workforce – actively participated in developing all substantive elements of the new Strategic Plan.

All Agency employees were invited to participate in an initial survey regarding the Agency's new mission statement and a follow-up survey asking for their views on the new Strategic Plan's goals and objectives. In the first survey, 90 percent of respondents indicated that the work they do on a daily basis helps to achieve the new mission statement. In the second survey, between 86 and 91 percent of respondents indicated that each of the three new strategic goals were on target and important.

To support the Agency's efforts in implementing the PMA (specifically by enhancing mission effectiveness and building a modern, technologically sound workforce), in FY 2018 employees at all levels across the Agency were actively involved in the efforts to develop the new and improved eFiling system, the DMS, and overall efforts to help the Agency achieve its goal of implementing fully electronic case files across the Agency. Employee involvement in these efforts included serving as a component or office representative on a work group to develop the structure of electronic case files; actively participating in facilitated, "user-centered design" information-gathering sessions where employees were encouraged to share their work processes, their needs, and their ideas for improvement; and respond to ad hoc questions about these systems as they arose.

PERFORMANCE SUMMARY

The FLRA's 2015-2018 mission was to promote stable, constructive labor-management relations through the timely and effective resolution and prevention of labor disputes in a manner giving full effect to the collective-bargaining rights of employees, unions, and agencies. It carried out its mission in a manner that met the special obligations and needs of the Federal Government and was consistent with the requirement of an effective and efficient Government.

Mission – Case Processing & ADR

With respect to mission accomplishment, the FLRA as a whole has shown tremendous ability to provide its customers with timely and quality adjudication, while adapting to fluctuations in the number of case filings that it receives. In FY 2018, the FLRA met or exceeded nearly every mission-related performance goal, as it did in FY 2017.

- ***Authority***

Consistent with the FLRA's 2015-2018 Strategic Plan, the Authority changed its performance measures beginning in FY 2017 to shorten case-processing times – from 180 days to 150 days in 75 percent of non-representation cases. In FY 2017 and continuing into FY 2018, the Authority also implemented measures for ensuring that the cases not "captured" by those 75 percent targets do not go significantly "overage." The goal is to issue at least 95 percent of all cases within 365 days.

However, in FY 2018, the Agency faced external challenges beyond its control. For example, for most of FY 2017, the Authority had only two of the three presidentially nominated, Senate-confirmed Members in place. The Members' staffs continued to prepare draft decisions; however when the two Members were unable to reach consensus on the disposition of a case, no decision could issue. On December 11, 2017, the FLRA welcomed two new Members (one of whom was designated Chairman) and swore in an existing Member for a new term. This restored the Authority to a full complement of three Members to tackle the backlog of approximately 50 "overage" cases that had accrued since January 3, 2017.

As the Authority worked to clear that backlog, many of the decisions the Agency issued in FY 2018 were already "overage." As a result, in FY 2018 the Authority failed to meet two of its targets. In FY 2018, the Authority met its case-processing target of 150 days in only 38 percent (36 out of 94) of arbitration cases and 50 percent (4 out of 8) of ULP cases. However, the Authority met or exceeded its six other targets in FY 2018. It issued 83 percent (5 out of 6) of negotiability cases within 150 days, thereby exceeding its 75 percent target. And it met its 365-day target in 98 percent (92 out of 94) of arbitration cases, and 100 percent of all other case types (6 out of 6 negotiability cases; 8 out of 8 ULP cases; and 7 out of 7 representation cases). Further, as in previous years, the Authority continued to meet the statutory requirement of issuing 100 percent (7 out of 7) of representation cases within 60 days of an application for review from a Regional Director's determination.

Moreover, the issuance rate of Authority decisions increased dramatically over the course of the year. From December 2017 (when the Authority was restored to a full complement of Members) through September 2018, the Authority issued a total of 115 merits decisions (an average of almost 12 decisions per month) as compared to only 52 merits decisions issued during the same time period in FY 2017 (an average of 5 decisions per month).

The Authority began FY 2017 with only one "overage" case, which enabled it to meet or nearly meet all of the more aggressive, reduced case-processing time targets that it implemented that year. In contrast, as noted above, the Authority began FY 2018 with a significant backlog of cases due to vacancies in political leadership, making it difficult to achieve the same level of performance in FY 2018 as it did in FY 2017 and FY 2016. By the end of FY 2018, however, the Authority cleared a huge majority of its backlog of overage cases. Of the cases pending in the Member offices' inventory when the Authority regained a full complement of Members, only four currently remain.

- ***Authority – OALJ***

The absence of a General Counsel (GC) for ten months of the fiscal year adversely affected the OALJ's performance. This extended vacancy resulted in a substantial reduction in the number of new complaints received which had a negative impact upon the OALJ's age based disposition goals. By receiving only 44 new cases, rather than the typical 200, the pool of new cases ripe for early resolution via settlement was drastically reduced, which in turn, led to the older, more difficult cases carried over from the prior fiscal year having a disproportionate effect upon case age percentages. The OALJ encourages parties to utilize the Settlement Judge Program, which historically has been successful in resolving cases within 180 days without the need for costly and time consuming hearings and written decisions. In FY 2018, the Settlement Judge Program was offered in one hundred percent (100 percent -- 93 of 93) of ULP complaints and eighty-three percent (83 percent -- 10 of 12) of those using the program achieved resolution within 180 days. However, the small number of new cases received precluded that success from having a substantial impact on the OALJ's case-processing times. As a result, the most difficult and complex cases requiring full litigation and written decisions accounted for twenty-seven (27) of the ninety three (93) dispositions completed in the fiscal year. This disproportionate representation of older, more difficult cases resulted in seventy-seven percent (77 percent -- 72 of 93) of the ULP complaints issued by the GC being resolved within 180 days and ninety percent (90 percent -- 84 of 93) were resolved within 365 days of the receipt of the complaint from the GC.

- ***Authority – CADR (formerly CADRO)***

The Director of the Authority's Collaboration and Alternative Dispute Resolution (CADR) served as the Settlement Official for the OALJ. Almost all of the cases that the program resolved would otherwise have required decisions by the Authority.

During portions of FY 2018 this program was known as CADR, and in FY 2017 as CADRO. The primary focus of the program in FY 2018 was to assist Federal agencies, and the unions that represent Federal employees, in resolving negotiability disputes. Once again in FY 2018, 100 percent of such negotiability cases resulted in full or partial resolution of the underlying dispute and closure of the pending case – exceeding the goal of 90 percent in that category. This program helped parties in more than 12 cases resolve negotiability disputes.

- ***OGC***

The FLRA has been without a presidentially-nominated, Senate-confirmed General Counsel since January 20, 2017. Because the General Counsel's position is subject to the Federal Vacancies Reform Act (Vacancies Act), the career Deputy General Counsel served as Acting General Counsel from that date until November 16, 2017, the statutory maximum under the Vacancies Act absent a General Counsel nominee. In the absence of a General Counsel, the OGC's Regional Directors may investigate ULP charges and dismiss those found to lack merit, but they cannot issue ULP complaints in meritorious cases, which is a power reserved by the Statute exclusively to the General Counsel. In addition, only the General Counsel can decide appeals of a Regional Director's dismissal of a ULP charge.

The OGC also focused on implementing aspects of the FLRA Agency Reform Plan within our responsibility – specifically, to consolidate the OGC's Regional Offices from seven to five by closing the Dallas and Boston Regional Offices. As part of this consolidation, the Agency offerd all 16 affected OGC employees reassignment and paid relocation to another region, or FLRA headquarters. Seven of those employees elected to relocate. The FLRA carefully planned and monitored its FY 2018 expenditures to ensure that the consolidation was executed on schedule and within the Agency's existing budget. The Dallas Regional Office closed on September 30, 2018. The Boston Regional Office is on track for closure by November 30, 2018. The Regional Director and employees of the Dallas Region diligently performed the activities necessary to close that Region and to minimize disruptions in the OGC's case processing efforts.

Despite these challenges, the OGC continued delivering strong results in FY 2018. The OGC exceeded its strategic performance goals for the timely resolution of ULP cases, resolving 88 percent (or 2,682 of 3,060) of ULP cases by issuance of a complaint (during the period that it had an Acting General Counsel), or by the withdrawal, dismissal or settlement of the ULP charge, within 120 days of the charge's filing date. It also exceeded its performance goals for timely resolution of representation cases, resolving 82 percent (or 195 of 239) of representation petitions by withdrawal, election or issuance of a Decision and Order within 120 days of filing.

The OGC has also continued to resolve cases through voluntary settlement during the investigative process. The OGC has the largest case intake among all of the FLRA components, and is the FLRA component with which the parties have the most direct contact. The beneficial effects of voluntary resolutions are obvious, and they advance the effective and efficient utilization of Government resources.

In FY 2018, the OGC resolved over 600 ULP cases by voluntary settlement during the investigative process. The OGC also used its resources to facilitate resolution of complex representation petitions. For example, in response to a representation petition seeking clarification of 125 positions, an OGC attorney met with the parties telephonically, pursuant to section 2422.13(b) of the Authority's regulations, and resolved the status of 54 positions. The following week, pursuant to the same regulatory authority, the parties met in person to narrow the issues for hearing. Due to the OGC attorney's efforts, an additional 68 positions were resolved. The attorney assisted the parties in drafting stipulations to reflect these agreements, resulting in only 3 positions remaining in dispute. By working cooperatively with the parties, the OGC was able to narrow the issues in dispute quickly and effectively.

In order to implement the new jurisdictional boundaries resulting from the FLRA's regional office consolidation, the FLRA issued procedural regulations on September 13, 2018 to reflect the Dallas Regional Office closure on September 30, 2018. It also issued web-based guidance, press releases and FAQ's (frequently asked questions) to ensure that the parties were aware of these changes and of the appropriate geographical region in which to file cases. It will issue similar regulations and guidance materials to reflect the Boston Regional Office closure on November 30, 2018.

- ***FSIP***

Due to the prioritization efforts of the new 7-Member Panel (July 2017) and the decrease in filings, FSIP began FY 2018 with no backlog of cases. In FY 2018, the FSIP exceeded all of its timeliness measures for assisting parties in resolving their negotiation impasses. Specifically, it 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 (11/11) of cases. It assisted the parties in achieving voluntary settlement within 160 days of the date that the parties filed their requests for assistance in 86 percent (6/7) of cases. And it issued its final order within 200 days of the date that the parties filed their request for assistance in 100 percent (21/21) of cases.

For the first 3 quarters of FY 2018, the Panel received 92 filings (an average of 7 new filings each month). However, that trend is changing. As a result of the Administration's May 2018 issuance of Executive Orders 13836, 13837, and 13839, and the related OPM guidance to agencies regarding collective bargaining, the FSIP has begun to receive an increase in requests for assistance. Case filings increased to 9 cases filed in the month of September. The subject of the impasses has also begun to change, with a trend towards impasses over ground rules for successor collective-bargaining agreements and successor collective-bargaining agreements.

FEDERAL LABOR RELATIONS AUTHORITY
2018 Federal Employee Viewpoint Survey
Interpretation of Results

Organizational Response Rate:

The Office of Personnel Management's (OPM's) Federal Employee Viewpoint Survey (FEVS) provides employees an opportunity to influence change by submitting feedback about their work environment, agency leadership, and other important aspects.

The 2018 FLRA response rate of 75% – 34 points above the Government-wide average of 41% – is a 9 point increase from the 66% of eligible employees who identified strengths and concerns to Agency leadership and managers in 2017. There was increased interest among the Office of General Counsel (OGC/Regions) work unit in answering the 2018 survey: 54% of the FLRA respondents in FY 2018 were from OGC/Regions, compared to 49% in FY 2017.

Institutional Changes in FY 2018:

- **May 2017**: Work began on the Agency Reform Plan (through February 2018).
- **November 2017**: A new Executive Director was hired.
- **December 2017**: Chairman Colleen Duffy Kiko replaced Acting Chairman Patrick Pizzella. The Authority, operating for the first quarter of FY 2018 with a bare quorum, added Member James Abbott and Chairman Kiko to join Member Ernest DuBester for a full complement of three Members.
- **January 2018**: There is no leadership in the Office of the General Counsel (OGC). The Deputy General Counsel (DGC), who leads the Regional offices when there is no General Counsel, was Acting General Counsel until November 2017 (the maximum time he could serve in that position absent a nomination under the Vacancies Act), and reverted to DGC until retirement in January 2018.
- **February 2018**: Announcement of the Agency Reform Plan results including, among other things, the closure of two of the seven FLRA Regional offices (Dallas and Boston).
- **May 2018**: Final closure notices went out to the Dallas and Boston employees.
- **May-June 2018**: Responses to the FEVS questions were collected.
- **August 2018**: Work on the Strategic Plan 2018-2022 concluded (began February 2018).
- **August 2018**: The April 2018 plan to install an Acting DGC for FY 2019 was postponed when the candidate withdrew from consideration.
- **September 2018**: Dallas Regional Office closed.
- **November 30, 2018**: Boston Regional Office will close (FY 2019).

Agency Strengths:
The FLRA has 31 strengths (65%+ positive responses). The top five strengths are:

- 93% -- When needed, I am willing to put in the extra effort to get a job done.
- 92% -- My work unit has the job-relevant knowledge and skills necessary to accomplish organizational goals.
- 89% -- How would you rate the overall quality of work done by your work unit?
- 88% -- Employees in my work unit share job knowledge with each other.
- 86% -- I am constantly looking for ways to do my job better.

Higher than the Government-wide average:
Agency results exceeded the Government-wide average in 31 of the 78 questions; and 11 of those questions were 10+ points higher than that average. 62% of FLRA respondents agreed that "In my work unit, steps are taken to deal with a poor performer who cannot or will not perform" – 30 points above the Government-wide average of 32%.

Questions where respondents found FLRA a better place to work than the Government-wide average:

- Promotions in my unit are based on merit (55% FLRA vs 38% Government-wide; 17 points above)
- Physical conditions (for example, noise level, temperature, lighting, cleanliness in the workplace) allow employees to perform their jobs well (82% vs 66%; 16 points)
- How satisfied are you with the following Work/Life programs in your agency: Telework (77% vs 62%; 15 points)
- Pay raises depend on how well employees perform their jobs (41% vs 27%; 14 points)
- Awards in my work unit depend on how well employees perform their jobs (59% vs 46%; 13 points)
- Employees in my work unit share job knowledge with each other (88% vs 76%; 12 points)

Areas for Improvement:
The 2018 FEVS is a snapshot in time that captures employees' perceptions of the Agency's work environment. FLRA employees identified areas for improvement involving training, the mission of the Agency, communication, innovation, management, and leadership. On key questions, there is a substantial difference in negative scores reported by FLRA HQ and the OGC/Regions staff.

Questions with the highest percentage of negative scores (broken down by FLRA HQ, and the OGC/Regions):

- 68% -- In my organization, senior leaders generate high levels of motivation and commitment in the workforce. (46% negative HQ, 83% OGC/Regions)
- 64% -- How satisfied are you with the policies and practices of your senior leaders? (49%, 76%)
- 64% -- I have a high level of respect for my organization's senior leaders. (49%, 76%)
- 55% -- I believe the results of this survey will be used to make my agency a better place to work. (39%, 66%)
- 53% -- How satisfied are you with the information you receive from management on what's going on in your organization? (43%, 61%)

The new staff-driven FLRA Strategic Plan 2018-2022, developed at the same time that employees were voicing specific concerns through the FEVS, reflects those concerns. Along with its other duties, the Strategic Plan Implementation Team (with representation from each Region and component of the FLRA) will address each challenge raised by the results of the FEVS and work to improve every one.

Mission Accomplishment – Providing Training and Education across the Federal Government

Consistent with its strategic goals, in FY 2018 the FLRA continued to promote stability in the Federal labor-management community by providing leadership and guidance through education and reference resources.

The FLRA continued to provide web-based and in-person training nationwide to members of the Federal-sector labor-management community – union representatives, Agency representatives, and neutrals – in all aspects of its case law and processes. In FY 2018, the FLRA provided 124 training, outreach, and facilitation sessions to 4,829 participants. The Authority, the OGC, and the FSIP provided training at several nationwide, annual conferences, including the Society of Federal Labor and Employee Relations Professionals (SFLERP) symposium and the Federal Dispute Resolution (FDR) conference. These sessions included presentations of newly prepared materials of current relevance, as well as updated materials for more standard sessions.

In addition, the Authority delivered its own training programs to approximately 1,500 Federal-sector union representatives, Agency representatives, neutrals, and new Authority attorneys in FY 2018. This included several sessions highlighting notable developments in the Authority's case law. Further, the Authority delivered three training sessions at the SFLERP symposium. These sessions included: "Filing with the FLRA – Common Grounds for Dismissals and a New eFiling System," "Management Rights in Bargaining and Arbitration," and an "FLRA Case Law Update." The feedback received from SFLERP participants in these sessions was overwhelmingly positive. Moreover, the Authority's Members personally conducted various training sessions on arbitration cases and other topics of interest to the Federal-sector labor-management community, at events hosted by the American Bar Association, the Federal Aviation Administration, FDR, and the Chicago-Kent College of Law.

The OGC continued to focus its training efforts on the front lines, where the work is done and where its efforts can have immediate and lasting effect. By bringing its training services directly to the parties, the OGC educates management and labor representatives on their rights and responsibilities under the Statute, thereby empowering them to more effectively and efficiently avoid – and, if necessary, resolve – workplace disputes at the lowest level.

In FY 2018, the OGC scaled back its provision of training that required FLRA-funded travel due to budget uncertainty, but it still conducted 75 training sessions reaching over 2,600 union representatives and labor-relations representatives. The OGC also continued providing the parties with up-to-date and topical web-based resources, including its *Representation Case Law Outline, ULP Case Law Outline*, and *Guidance on Meetings*, which are the "go-to" resources for the Federal-sector labor-management relations community and have elicited much favorable feedback.

In FY 2018, the Authority's Office of the Solicitor delivered numerous internal trainings to FLRA employees, on topics such as current developments in labor and employment law, Federal ethics obligations, the Freedom of Information Act, and Federal privacy law. These trainings ensured that FLRA staff provided expert service to its stakeholders, in concert with their responsibilities as Federal employees.

Performance Outcome Measures	FY 2018 Target	FY 2018 Actual	Result
Strategic Goal 1: We will resolve disputes under the Statute in a timely, high-quality, and impartial manner.			
Performance Goal 1.1: Produce timely review and disposition of *unfair-labor-practice cases*.			
Measure 1.1: The percentage of ULP charges resolved by the OGC by complaint, withdrawal, dismissal, or settlement within 120 days of filing of the charge.	70%	88%	Exceeded
Measure 1.2: The percentage of decisions on an appeal of a Regional Director's dismissal of a ULP charge issued within 60 days of the date filed, and in no case more than 120 days.	95%/100%	100%/100%	Exceeded/Met
Measure 1.3: The percentage of ULP complaints issued by the General Counsel decided in the OALJ within 180 days of the complaint being issued.	80%	77%	Substantially Met
Measure 1.4: The percentage of ULP cases decided within 150 days of assignment to an Authority Member.	75%	50%	Not Met
Performance Goal 2.1: Resolve overage *unfair-labor-practice cases* in a timely fashion.			
Measure 2.1: The percentage of ULP charges resolved by the OGC by complaint, withdrawal, dismissal, or settlement within 240 days of filing of the charge.	95%	99%	Exceeded
Measure 2.2: The	98%	90%	Not Met

Performance Outcome Measures	FY 2018 Target	FY 2018 Actual	Result
percentage of ULP complaints issued by the General Counsel decided in the OALJ within 365 days of the complaint being issued.			
Measure 2.3: The percentage of ULP cases decided within 365 days of assignment to an Authority Member.	95%	100%	Exceeded
Performance Goal 1.2: Produce timely review and disposition of *representation cases*.			
Measure 1.5: The percentage of representation cases resolved by the OGC through withdrawal, election, or issuance of a Decision and Order within 120 days of the filing of a petition.	70%	82%	Exceeded
Measure 1.6: The percentage of representation cases in which the Authority issued a decision whether to grant review within 60 days of the filing of an application for review.	100%	100%	Met

Performance Outcome Measures	FY 2018 Target	FY 2018 Actual	Result
Performance Goal 2.2: Resolve overage *representation cases* in a timely fashion.			
Measure 2.3: The percentage of representation cases resolved by the OGC through withdrawal, election, or issuance of a Decision and Order within 365 days of the filing of a petition.	95%	99%	Exceeded
Measure 2.4: The percentage of representation cases in which the Authority grants review, where the Authority will issue a decision on review, or reach other final resolution of the case, within 365 days of the filing of an application for review.	95%	100%	Exceeded
Performance Goal 1.3: Produce timely review and disposition of *arbitration cases*.			
Measure 1.7: The percentage of arbitration cases decided within 150 days of assignment to an Authority Member.	75%	38%	Not Met
Performance Goal 2.3: Resolve overage *arbitration* cases in a timely fashion.			
Measure 2.5: The percentage of arbitration cases decided within 365 days of assignment to an Authority Member.	95%	98%	Exceeded
Performance Goal 1.4: Produce timely review and disposition of *negotiability cases*.			
Measure 1.8: The percentage of negotiability cases decided within 150 days of assignment to an Authority Member.	75%	83%	Exceeded

Performance Outcome Measures	**FY 2018 Target**	**FY 2018 Actual**	**Result**
Performance Goal 2.4: Resolve overage *negotiability* cases in a timely fashion.			
Measure 2.6: The percentage of negotiability cases decided within 365 days of assignment to an Authority Member.	95%	100%	Exceeded
Performance Goal 1.5: Produce timely review and disposition of *bargaining-impasse cases*.			
Measure 1.9: The percentage of bargaining-impasse cases, in which jurisdiction is declined, closed within 140 days of the date filed.	80%	100%	Exceeded
Measure 1.10: The percentage of bargaining-impasse cases voluntarily settled after jurisdiction has been asserted within 160 days of the date filed.	70%	86%	Exceeded
Measure 1.11: The percentage of bargaining-impasse cases resolved through a final action closed within 200 days of the date filed.	70%	100%	Exceeded
Strategic Goal 2: We will promote stability in the Federal labor-management community by providing leadership and guidance through *ADR and Education.*			
Performance Goal 1.1: Provide targeted access to training, outreach, and facilitation activities within the labor-management community.			
Measure 1.1: The number of training, outreach, and facilitation activities conducted.	275	124	Not Met
Measure 1.2: The number of participants involved in training, outreach, and facilitation activities.	7000	4829	Not Met

Performance Outcome Measures	FY 2018 Target	FY 2018 Actual	Result
Performance Goal 2.1: Successfully resolve a significant portion of FLRA cases through ADR.			
Measure 2.1: The percentage of ULP cases in the OGC in which ADR services are offered.	95%	100%	Exceeded
Measure 2.2: The percentage of ULP cases in the OGC in which an offer of ADR services is accepted by the parties that are partially or totally resolved.	95%	100%	Exceeded
Measure 2.3: The percentage of appropriate ULP cases in the OALJ in which Settlement-Judge services are offered.	90%	100%	Exceeded
Measure 2.4: The percentage of ULP cases in the OALJ in which an offer of Settlement-Judge services is accepted by the parties that are partially or totally resolved.	85%	83%	Substantially Met
Measure 2.5: The percentage of representation cases in the OGC in which an offer of ADR services is accepted by the parties that are partially or totally resolved.	95%	100%	Exceeded

Performance Outcome Measures	FY 2018 Target	FY 2018 Actual	Result
Measure 2.6: The percentage of appropriate arbitration cases in the Authority in which ADR services are offered.	100%	100%	Met
Measure 2.7: The percentage of arbitration cases in the Authority in which an offer of ADR services is accepted by the parties that are partially or totally resolved.	50%	100%	Exceeded
Measure 2.8: The percentage of appropriate negotiability cases in the Authority in which ADR services are offered.	100%	100%	Met
Measure 2.9: The percentage of negotiability cases in the Authority in which ADR services are provided that are partially or totally resolved.	90%	100%	Exceeded
Measure 2.10: The percentage of bargaining-impasse cases in which parties' disputes are totally resolved voluntarily.	30%	17%	Not Met

Performance Outcome Measures	FY 2018 Target	FY 2018 Actual	Result
Strategic Goal 3: We will manage our resources effectively and efficiently in order to achieve organizational excellence.			
Performance Goal 1: Recruit, retain, and develop a highly talented, motivated, and diverse workforce to accomplish the FLRA's mission.			
Measure 1.1: Demonstrate strong recruitment and retention practices.	Complete implementation of all necessary changes/corrections identified during the Agency-wide eOPF and PD reviews. Develop/revise and implement standard operating procedures that will help to maintain accurate personnel records going forward. Continue to conduct "need-to-fill" evaluations before filling any vacant positions. Implement workforce reshaping, consistent with Executive Order 13781 and M-17-22. Continue to use data to identify and eliminate barriers to recruiting and hiring the diverse talent that the FLRA needs.	Completed implementation of all necessary changes/corrections identified during the Agency-wide eOPF and PD reviews. Implemented standard operating procedures for maintaining accurate eOPFs for all FLRA staff in order to support the provision of excellent customer service. Continued to conduct "need-to-fill" evaluations before filling any vacant positions, consistent with Executive Order 13781 and M-17-22. Continued to use data to identify and eliminate barriers to recruiting and hiring the diverse talent that the FLRA needs. Completed all	Met

Performance Outcome Measures	FY 2018 Target	FY 2018 Actual	Result
		required security-background investigations for new hires and investigations/re-investigations for existing employees. Clarified the circumstances under which a new background check should be conducted. Ensured that all employees were HSPD-12 compliant. Began a comprehensive review and revision, as appropriate, of all internal Agency policies in order to ensure that they are up to date, necessary, and consistent with law and regulation.	
Measure 1.2: Maintain and grow Agency expertise through employee development.	Building on the Agency's evolving succession plan – which is designed to lessen the impact of institutional-knowledge loss as employees retire or leave and to maximize current talent utilization by closing leadership staffing and competency gaps/deficiencies – develop a formal Agency developmental-detail program, establishing	Offered cross-component details to provide employees with training and developmental experiences that will enhance their skills and increase their understanding of the Agency's mission and operations.	Substantially Met

Performance Outcome Measures	FY 2018 Target	FY 2018 Actual	Result
	cross-component detail opportunities to provide employees with training and developmental experiences that will enhance their skills and increase their understanding of the Agency's mission and operations across program lines, as well as the relevance of their work to the mission and programs of the FLRA. Managers will assess annually 100% of employees on their developmental needs and provide at least one targeted developmental opportunity to each of their staff members per year. Maintain sustained growth of positive responses to the OPM FEVS question "supervisors in my work unit support employee development."	Managers assessed annually employees on their developmental needs and provided appropriate training and developmental opportunities.	
Performance Goal 2: Improve use of existing technology and deploy new IT systems to streamline and enhance organizational operations.			
Measure 2.1: Expand the use of eFiling.	75% of cases eFiled.	35% of cases eFiled.	Not Met
Measure 2.2: Electronic end-to-end case processing.	Integrate the CMS and eFiling systems with the Agency Document	Developed and launched eFiling 3.0, which both	Met

Performance Outcome Measures	FY 2018 Target	FY 2018 Actual	Result
	Management System, enabling end-to-end electronic case processing throughout the Agency.	internal and external users report is significantly more user-friendly and intuitive. Began development of a new and improved CMS that, over time, will provide significant cost savings ($100,000 annually) and allow for more efficient integration of the CMS and eFiling systems with the DMS, enabling end-to-end electronic case processing throughout the Agency. Identified the basic structure of electronic case files for each component/office in the DMS. Completed transition of all major IT functions – CMS, DMS, eMail – to the cloud, which improves both IT security, consistent with the PMA, and Agency continuity of operations plans.	

FINANCIAL ANALYSIS

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 nearly 90% of the total assets in both FY 2017 and FY 2018. 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 decreased to $4.6 million at the end of FY 2018 from $5.2 million at the end of FY 2017. The Agency did not make any new fixed-asset purchases in FY 2018, while the net book value of property and equipment already owned experienced further depreciation.

Assets as of September 30,	2018	2017
Fund balance with the Treasury	$4,474,299	$4,981,469
General property and equipment	78,734	187,819
Prepaid expenses	18,141	5,429
Accounts receivable	10,114	10,389
Total	**$4,581,288**	**$5,185,106**

Totals may not add due to rounding.

Funds held with the Treasury are available to pay Agency liabilities, which represent the amount of monies or other resources likely to be paid by the FLRA as a result of transactions or events that have already occurred. Accrued employee leave, payroll, and benefits costs, along with accrued workers' compensation under the Federal Employees Compensation Act (FECA), accounted for 85 percent of total liabilities at the end of FY 2018. The remaining 15 percent reflects the amount owed by the FLRA to vendors and other Federal agencies for purchased goods and services. Agency liabilities totaled $4.4 million in FY 2017, and $4.2 million in FY 2018.

Liabilities as of September 30,	2018	2017
Unfunded leave	$1,102,800	$1,239,740
FECA liability	1,471,575	1,496,960
Accrued payroll and benefits	980,575	738,689
Accounts payable	654,739	924,780
Other liabilities	261	
Total	**$4,209,950**	**4,400,169**

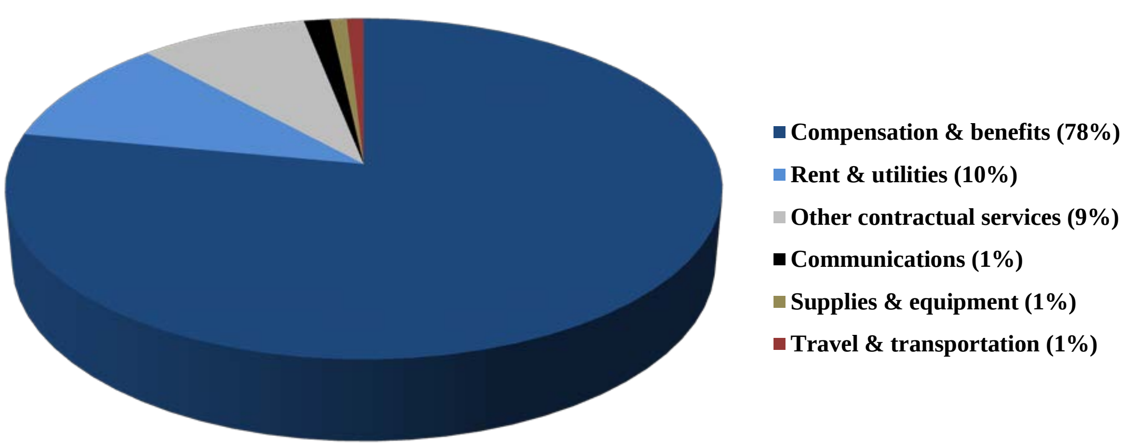
Totals may not add due to rounding; 2018 FECA liability includes $261K (Other liability)

The FLRA's total net position at the end of FY 2018 was $371 thousand, a $413 thousand decrease 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 2018 was $27.2 million, which is $680 thousand above FY 2017. In FY 2018, 55 percent of the Agency's direct resources were dedicated to the Authority, which includes central administrative services provided to the entire Agency; 42 percent were dedicated to the OGC; and the remaining 3 percent were devoted to the FSIP.

FY 2018 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 2017 to FY 2018 reflect a $54 thousand decrease totaling $2.4 million.

Unexpended appropriations include undelivered orders and unobligated balances. Undelivered orders reflect the amount of goods and services ordered that have yet to be received. Unobligated balances are the amount of appropriations or other authority remaining after deducting the cumulative obligations from the amount available for obligation. The FLRA had a decrease of $468 thousand in total, unexpended Agency appropriations in FY 2018.

Statement on Budgetary Resources

The Statement on Budgetary Resources reports the budgetary resources available to the FLRA during FY 2017 and FY 2018 to carry out the activities of the Agency, as well as the status of those resources at the end of each year. The primary source of FLRA funding is its annual Salaries and Expenses appropriation from the Congress. The Agency also receives reimbursements, pursuant to the Economy Act, for travel expenses associated with training provided by Agency employees on the Statute and FLRA mission.

The FLRA had $27.1 million in total budgetary resources available to it in FY 2018. The Agency incurred obligations of $26.4 million in FY 2018, with recording outlays of $26.1 million. Total budgetary resources decreased by $327 thousand in FY 2018, due primarily to the timing of unpaid obligations.

MANAGEMENT ASSURANCES

The Federal Managers Financial Improvement Act (FMFIA) of 1982 requires agencies to establish internal-control and financial systems that provide reasonable assurance that the integrity of Federal programs and operations are protected. The FMFIA also requires the Chairman to annually assess and report on the effectiveness of internal controls and to provide an annual Statement of Assurance on whether the Agency has met this requirement.

Annual FMFIA Statement of Assurance

In accordance with the requirements of OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, the FLRA conducted an assessment of the effectiveness of the organization's internal controls to support effective and efficient operations, reliable financial reporting, and compliance with applicable laws and regulations, and to determine whether the financial management system conforms to applicable financial requirements.

Based on the results of this assessment, the FLRA provides reasonable assurance that its internal controls over the effectiveness and efficiency of operations, reliable financial reporting, and compliance with applicable laws and regulations as of September 30, 2018, were operating effectively and that no material weaknesses were found in the design or operation of our internal controls.

Further, based on our assessment, we determined that the FLRA financial-management system conforms to applicable financial-systems requirements.

Colleen Duffy Kiko
Chairman
November 15, 2018

PERFORMANCE GOALS AND RESULTS

STRATEGIC GOAL 1: WE WILL RESOLVE DISPUTES UNDER THE STATUTE IN A TIMELY, HIGH-QUALITY, AND IMPARTIAL MANNER

PERFORMANCE GOAL 1.1: PRODUCE TIMELY REVIEW AND DISPOSITION OF *UNFAIR-LABOR-PRACTICE CASES*.

The General Counsel has independent responsibility for the investigation, settlement, and prosecution of ULP charges. ULP cases originate with the filing of a charge in a Regional Office by an employee, a labor organization, or an Agency. Once a charge has been filed, the Regional Office will investigate the charge to determine whether it has merit. If the Regional Director determines that the charge has merit, then he or she will, absent settlement, issue and prosecute a complaint before an ALJ. If the Regional Director determines that the charge lacks merit, then the charging party is entitled to a written explanation, and, if not satisfied, may appeal that decision to the General Counsel in Washington, D.C. If the General Counsel upholds the dismissal, then the case is closed. The Authority has appointed ALJs to hear ULP cases prosecuted by the General Counsel. The OALJ transmits recommended decisions of the ALJs to the Authority, which may affirm, modify, or reverse them in whole or in part on exceptions. If no exceptions are filed to an ALJ's decision, then the Authority adopts the decision without precedential significance.

OGC	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Cases pending, start of year	1,570	1,425	1,178	1,333	882
Charges filed	4,696	4,418	4,345	3,655	2,860
Total caseload	**6,266**	**5,843**	**5,523**	**4,988**	**3,742**
Charges withdrawn/settled	3,779	3,662	3,268	3,130	2,343
Charges dismissed	809	800	749	786	674
Complaints issued	253	203	173	190	43
Total cases closed	**4,841**	**4,665**	**4,190**	**4,106**	**3,060**
Cases pending, end of year	**1,425**	**1,178**	**1,333**	**882**	**682**
OALJ	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**	**FY 2018**
Cases pending, start of year	121	104	60	52	49
Cases received from the OGC	260	222	179	197	44
Total caseload	**381**	**326**	**239**	**249**	**93**
Settlements before decision	247	188	136	176	66
Cases closed by decision	30	78	51	24	27
Total cases closed	**277**	**266**	**187**	**200**	**93**
Cases pending, end of year	**104**	**60**	**52**	**49**	**0**

Authority	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Cases pending, start of year	12	13	24	9	8
Exceptions filed	27	62	45	23	19
Total caseload	**39**	**75**	**69**	**32**	**27**
Cases closed procedurally	18	37	51	22	9
Cases closed based on merits	8	14	9	2	8
Total cases closed	**26**	**51**	**60**	**24**	**17**
Cases pending, end of year	**13**	**24**	**9**	**8**	**10**

Measure 1.1: The percentage of ULP charges resolved by the Office of the General Counsel (OGC) by complaint, withdrawal, dismissal, or settlement within 120 days of filing of the charge.

FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	
Actual	**Actual**	**Actual**	**Actual**	**Target**	**Actual**
67%	72%	71%	73%	70%	88%

Data Source: Case Management System (CMS)

Target: Exceeded.

Measure 1.2: The percentage of decisions on an appeal of a Regional Director's dismissal of a ULP charge issued within 60 days of the date filed, and in no case more than 120 days.

FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	
Actual	**Actual**	**Actual**	**Actual**	**Target**	**Actual**
98%/100%	98%/100%	100%/100%	96%/100%	95%/100%	100%/100%

Data Source: CMS

Target: Exceeded.

Measure 1.3: The percentage of ULP complaints issued by the General Counsel resolved or decided in the OALJ within 180 days of the complaint being issued.	
FY 2014	**FY 2015**
Actual	**Actual**
91%	77%

Measure 1.3: The percentage of ULP complaints issued by the General Counsel decided in the OALJ within 180 days of the complaint being issued.*				
FY 2016	**FY 2017**	**FY 2018**		***Clarified measure beginning in FY 2016**
Actual	**Actual**	**Target**	**Actual**	
80%	93%	80%	77%	
Data Source: CMS				
Target: Substantially Met.				

Measure 1.4: The percentage of ULP cases decided within 180 days of assignment to an Authority Member.		
FY 2014	**FY 2015**	**FY 2016**
Actual	**Actual**	**Actual**
50%	57%	89%

Measure 1.4: The percentage of ULP cases decided within 150 days of assignment to an Authority Member.*			
FY 2017	**FY 2018**		***New measure beginning in FY 2017**
Actual	**Target**	**Actual**	
50%	75%	50%	
Data Source: CMS			
Target: Not Met. The low inventory of ULP cases contributed to the Authority's inability to meet this goal in FY 2018. The Authority issued only eight ULP decisions total in FY 2018 – four timely and four untimely. The backlog that resulted from the lack of a full complement of Members was also a factor: all four of the untimely ULP cases were awaiting a decision when the Authority attained a full complement of Members, and two of those four had already gone overage while the Authority lacked a third Member. Thus, the Authority was not able to improve upon its 50% performance in this measure from the previous FY.			

PERFORMANCE GOAL 2.1: RESOLVE OVERAGE *UNFAIR-LABOR-PRACTICE CASES* IN A TIMELY FASHION.

As part of its 2015-2018 Strategic Plan, the FLRA developed new performance measures for FY 2016 and FY 2017 to ensure that cases in which the primary timeliness goal is not met are sufficiently targeted and do not go significantly overage.

Measure 2.1: The percentage of ULP charges resolved by the OGC by complaint, withdrawal, dismissal, or settlement within 240 days of filing of the charge.*				
FY 2016	**FY 2017**	**FY 2018**		***New measure beginning in FY 2016**
Actual	**Actual**	**Target**	**Actual**	
95%	95%	95%	99%	
Data Source: CMS				
Target: Exceeded.				

Measure 2.2: The percentage of ULP complaints issued by the General Counsel decided in the OALJ within 365 days of the complaint being issued.*				
FY 2016	**FY 2017**	**FY 2018**		***New measure beginning in FY 2016**
Actual	**Actual**	**Target**	**Actual**	
89%	98%	98%	90%	
Data Source: CMS				
Target: Not Met. The 90% success rate (84 of 93) was driven by the General Counsel vacancy, which eliminated receipt of new cases ripe for early resolution and resulted in older, more complicated cases requiring a hearing having a disproportionate impact upon the percentage of cases resolved within 365 days. The goal of 98% was difficult to achieve when the oldest, most difficult cases carried over from the prior fiscal year become a disproportionate number of the total dispositions issued. Such complicated cases are typically the subject of multiple delays requested by the parties due to counsel and witness availability (necessary for due process). Had it been known that 27 of the cases requiring a fully litigated hearing and written decision would represent almost one-third (29%) of the dispositions issued in FY18, a less ambitious goal would have been requested.				

Measure 2.3: The percentage of ULP cases decided within 365 days of assignment to an Authority Member.*			
FY 2017	**FY 2018**		***New measure beginning in FY 2017**
Actual	**Target**	**Actual**	
100%	95%	100%	
Data Source: CMS			
Target: Exceeded.			

PERFORMANCE GOAL 1.2: PRODUCE TIMELY REVIEW AND DISPOSITION OF *REPRESENTATION CASES*.

The Statute sets out a specific procedure for employees to petition to be represented by a labor union and to determine which employees will be included in a "bargaining unit" that a union represents. Implementing this procedure, the FLRA conducts secret-ballot elections for union representation and resolves a variety of issues related to questions of union representation of employees. These issues include, for example, whether particular employees are managers or "confidential" employees excluded from union representation, whether there has been election misconduct on the part of agencies or unions, and whether changes in union and Agency organizations affect existing bargaining units. Representation cases are initiated when an individual, a labor organization, or an Agency files a petition with a Regional Office. After a petition is filed, the Regional Director conducts an investigation to determine the appropriateness of a unit or other matter related to the petition. After concluding such investigation, the Regional Director may conduct a secret-ballot election or hold a hearing to resolve disputed factual matters. After a hearing, the Regional Director issues a Decision and Order, which is final unless an application for review is filed with the Authority.

OGC	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Cases pending, start of year	89	65	70	112	58
Petitions filed	235	225	265	208	245
Total caseload	**324**	**290**	**335**	**320**	**303**
Petitions withdrawn	118	95	112	130	110
Cases closed based on merits	141	125	111	132	129
Total cases closed	**259**	**220**	**223**	**262**	**239**
Cases pending, end of year	**65**	**70**	**112**	**58**	**64**

Authority	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Cases pending, start of year	9	7	2	0	6
Applications for review	13	16	6	12	6
Total caseload	**22**	**23**	**8**	**12**	**12**
Cases closed procedurally	2	2	0	1	0
Cases closed based on merits	13	19	8	5	7
Total cases closed	**15**	**21**	**8**	**6**	**7**
Cases pending, end of year	**7**	**2**	**0**	**6**	**5**

Measure 1.5: The percentage of representation cases resolved by the OGC through withdrawal, election, or issuance of a Decision and Order within 120 days of the filing of a petition.					
FY 2014	**FY 2015**	**FY 2016**	**FY 2017**	**FY 2018**	
Actual	**Actual**	**Actual**	**Actual**	**Target**	**Actual**
66%	72%	73%	68%	70%	82%
Data Source: CMS					
Target: Exceeded.					

Measure 1.6: The percentage of representation cases in which the Authority issued a decision whether to grant review within 60 days of the filing of an application for review.					
FY 2014	**FY 2015**	**FY 2016**	**FY 2017**	**FY 2018**	
Actual	**Actual**	**Actual**	**Actual**	**Target**	**Actual**
100%	100%	100%	100%	100%	100%
Data Source: CMS					
Target: Met.					

PERFORMANCE GOAL 2.2: RESOLVE OVERAGE *REPRESENTATION CASES* IN A TIMELY FASHION.

As part of its 2015-2018 Strategic Plan, the FLRA developed new performance measures for FY 2016 and FY 2017 to ensure that cases in which the primary timeliness goal is not met are sufficiently targeted and do not go significantly overage.

Measure 2.3: The percentage of cases resolved by the OGC through withdrawal, election, or issuance of a Decision and Order within 365 days of the filing of a petition.*				
FY 2016	**FY 2017**	**FY 2018**		***New measure beginning in FY 2016**
Actual	**Actual**	**Target**	**Actual**	
98%	95%	95%	99%	
Data Source: CMS				
Target: Exceeded.				

Measure 2.4: The percentage of representation cases in which the Authority grants review, where the Authority will issue a decision on review, or reach other final resolution of the case, within 365 days of the filing of the application for review.*			
FY 2017	**FY 2018**		***New measure beginning in FY 2017**
Actual	**Target**	**Actual**	
100%	95%	100%	
Data Source: CMS			
Target: Exceeded.			

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

Either party to grievance arbitration may file with the Authority an exception (appeal) to an arbitrator's award. The Authority will review an arbitrator's award to which an exception has been filed to determine whether the award is deficient because it is contrary to any law, rule, or regulation, or on grounds similar to those applied by Federal courts in private-sector, labor-management relations.

Authority	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Cases pending, start of year	123	90	50	42	73
Exceptions filed	89	99	87	103	105
Total caseload	**212**	**189**	**137**	**145**	**178**
Cases closed procedurally	16	15	20	16	11
Cases closed based on merits	106	124	75	56	94
Total cases closed	**122**	**139**	**95**	**72**	**105**
Cases pending, end of year	**90**	**50**	**42**	**73**	**73**

Measure 1.7: The percentage of arbitration cases decided within 180 days of assignment to an Authority Member.		
FY 2014	**FY 2015**	**FY 2016**
Actual	**Actual**	**Actual**
34%	40%	79%

Measure 1.7: The percentage of arbitration cases decided within 150 days of assignment to an Authority Member.*			
FY 2017	**FY 2018**		***New measure beginning in FY 2017**
Actual	**Target**	**Actual**	
78%	75%	38%	
Data Source: CMS			
Target: Not Met. The backlog that resulted from the lack of full complement of Members contributed to the Authority's inability to meet this goal in FY 2018. Because the Authority made a strategic decision to focus on issuing its oldest cases in order to clear the backlog, only 36 of the 94 arbitration decisions it issued were timely.			

PERFORMANCE GOAL 2.3: RESOLVE OVERAGE *ARBITRATION CASES* IN A TIMELY FASHION.

As part of its 2015-2018 Strategic Plan, the FLRA developed new performance measures for FY 2016 and FY 2017 to ensure that cases in which the primary timeliness goal is not met are sufficiently targeted and do not go significantly overage.

Measure 2.5: The percentage of arbitration cases decided within 365 days of assignment to an Authority Member *			
FY 2017	**FY 2018**		***New measure beginning in FY 2017**
Actual	**Target**	**Actual**	
100%	95%	98%	
Data Source: CMS			
Target: Exceeded.			

PERFORMANCE GOAL 1.4: PRODUCE TIMELY REVIEW AND DISPOSITION OF *NEGOTIABILITY CASES*.

A Federal Agency bargaining with a union may claim that a particular union proposal cannot be bargained because it conflicts with Federal law, a government-wide rule or regulation, or an Agency regulation for which there is a compelling need. In both of these situations, a union may petition the Authority to resolve the negotiability dispute. In addition, Agency heads may disapprove collective-bargaining agreements if those agreements are contrary to law, and a union may petition the Authority to resolve the negotiability dispute.

Authority	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Cases pending, start of year	9	17	23	27	11
Petitions filed	43	54	55	40	43
Total caseload	**52**	**71**	**78**	**67**	**54**
Cases closed procedurally	29	40	47	52	25
Cases closed based on merits	6	8	4	4	6
Total cases closed	**35**	**48**	**51**	**56**	**31**
Cases pending, end of year	**17**	**23**	**27**	**11**	**23**

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

Results		
FY 2014	**FY 2015**	**FY 2016**
60%	50%	75%

Measure 1.8: The percentage of negotiability cases decided within 150 days of assignment to an Authority Member.*

FY 2017	FY 2018		*New measure beginning in FY 2017
Actual	**Target**	**Actual**	
75%	75%	83%	

Data Source: CMS

Target: Met.

PERFORMANCE GOAL 2.4: RESOLVE OVERAGE *NEGOTIABILITY CASES* IN A TIMELY FASHION.

As part of its 2015-2018 Strategic Plan, the FLRA developed new performance measures for FY 2016 and FY 2017 to ensure that cases in which the primary timeliness goal is not met are sufficiently targeted and do not go significantly overage.

Measure 2.6: The percentage of *negotiability* cases decided within 365 days of assignment to an Authority Member *

FY 2017	FY 2018		*New measure beginning in FY 2017
Actual	**Target**	**Actual**	
100%	95%	100%	

Data Source: CMS
Target: Exceeded.

PERFORMANCE GOAL 1.5: PRODUCE TIMELY REVIEW AND DISPOSITION OF *BARGAINING-IMPASSE CASES*.

In carrying out the right to bargain collectively, it is not uncommon for a union representative and a Federal Agency to simply not agree on certain issues, and for the bargaining to reach an impasse. Several options are available by which the parties may attempt to resolve the impasse. The parties may: decide, on their own, to use certain techniques to resolve the impasse, but may proceed to private, binding arbitration only after the FSIP approves the procedure; seek the services and assistance of the FMCS; or seek the assistance of the FSIP in resolving the negotiation impasse, but only after the previous options have failed.

FSIP	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Cases pending, start of year	40	28	33	42	17
Impasses filed	134	139	143	97	92
Total caseload	**174**	**167**	**176**	**139**	**109**
Cases closed	**146**	**134**	**134**	**122**	**86**
Cases pending, end of year	**28**	**33**	**42**	**17**	**23**

Measure 1.9: The percentage of bargaining-impasse cases, in which jurisdiction is declined, closed within 140 days of the date filed.					
FY 2014	**FY 2015**	**FY 2016**	**FY 2017**	**FY 2018**	
Actual	**Actual**	**Actual**	**Actual**	**Target**	**Actual**
89%	100%	80%	93%	80%	100%
Data Source: CMS					
Target: Exceeded					

Measure 1.10: The percentage of bargaining-impasse cases voluntarily settled after jurisdiction has been asserted within 160 days of the date filed.					
FY 2014	**FY 2015**	**FY 2016**	**FY 2017**	**FY 2018**	
Actual	**Actual**	**Actual**	**Actual**	**Target**	**Actual**
68%	100%	100%	93%	70%	86%
Data Source: CMS					
Target: Exceeded					

Measure 1.11: The percentage of bargaining-impasse cases resolved through a final action closed within 200 days of the date filed.					
FY 2014	**FY 2015**	**FY 2016**	**FY 2017**	**FY 2018**	
Actual	**Actual**	**Actual**	**Actual**	**Target**	**Actual**
61%	100%	100%	77%	70%	100%
Data Source: CMS					
Target: Exceeded					

STRATEGIC GOAL 2: WE WILL PROMOTE STABILITY IN THE FEDERAL LABOR-MANAGEMENT COMMUNITY BY PROVIDING LEADERSHIP AND GUIDANCE THROUGH ADR AND EDUCATION

Key to the FLRA's ADR objectives is to offer high-quality outreach and preventive services, as well as resources, to promote more effective labor-management relations across the Federal government. ADR is an informal process that allows parties to discuss and develop their interests in order to resolve the underlying issues and problems in their relationships. This includes interest-based conflict resolution and intervention services in pending cases. The Agency also provides facilitation and training to help labor and management develop collaborative relationships. Many of the FLRA's training programs are available as web-based training modules, bringing educational tools and resources directly to Agency customers at their desks to further assist them in resolving labor-management disputes. The FLRA's goals include delivering outreach, training, and facilitation services that significantly contribute to the mission of the FLRA, and ensuring that training participants evaluate FLRA training as highly effective.

PERFORMANCE GOAL 1.1: PROVIDE TARGETED ACCESS TO TRAINING, OUTREACH, AND FACILITATION ACTIVITIES WITHIN THE LABOR-MANAGEMENT COMMUNITY.

Measure 1.1: The number of training, outreach, and facilitation activities conducted.					
FY 2014	**FY 2015**	**FY 2016**	**FY 2017**	**FY 2018**	
Actual	**Actual**	**Actual**	**Actual**	**Target**	**Actual**
225	306	280	273	275	124
Data Source: CMS					
Target: Not Met. The Authority scaled back its external training efforts in FY 2018 to ensure that all available staff was working to eliminate the backlog of overage cases and this contributed to the Agency's inability to meet this goal. However, the Authority educated the parties through its issued decisions, particularly those on previously unaddressed legal issues. To that end, many of the trainings that it provided in FY 2018 were "Case Law Updates." The OGC consistently provided statutory training efforts across the country. Due to budget uncertainty, the OGC scaled back its provision of training that required FLRA-					

funded travel, and this also contributed to the Agency's inability to meet this goal.

Measure 1.2: The number of participants involved in training, outreach, and facilitation activities.					
FY 2014	**FY 2015**	**FY 2016**	**FY 2017**	**FY 2018**	
Actual	**Actual**	**Actual**	**Actual**	**Target**	**Actual**
5,114	8,294	8,440	8,122	7000	4829
Data Source: CMS					
Target: Not Met. The Authority scaled back its external training efforts in FY 2018 to ensure that all available staff was working to eliminate the backlog of overage cases and this contributed to the Agency's inability to meet this goal. However, the Authority educated the parties through its issued decisions, particularly those on previously unaddressed legal issues. To that end, many of the trainings that it provided in FY 2018 were "Case Law Updates." The OGC consistently provided statutory training efforts across the country. Due to budget uncertainty, the OGC scaled back its provision of training that required FLRA-funded travel, and this also contributed to the Agency's inability to meet this goal.					

PERFORMANCE GOAL 2.1: SUCCESSFULLY RESOLVE A SIGNIFICANT PORTION OF FLRA CASES THROUGH ADR.

ADR is an informal process that allows parties to discuss and develop their interests in order to resolve the underlying issues and problems in their relationships. This includes interest-based conflict resolution and intervention services in pending cases.

Measure 2.1: The percentage of appropriate ULP cases in the OGC in which ADR services are offered.*			
FY 2017	**FY 2018**		***New measure beginning in FY 2017**
Actual	**Target**	**Actual**	
100%	95%	100%	
Data Source: CMS			
Target: Exceeded.			

Measure 2.2: The percentage of ULP cases in the OGC in which an offer of ADR services is accepted by the parties that are partially or totally resolved.**					
****Renumbered measure beginning in FY 2017; previously Measure 2.1**					
FY 2014	**FY 2015**	**FY 2016**	**FY 2017**	**FY 2018**	
Actual	**Actual**	**Actual**	**Actual**	**Target**	**Actual**
98%	96%	97%	100%	95%	100%
Data Source: CMS					
Target: Exceeded.					

Measure 2.3: The percentage of appropriate ULP cases in the OALJ in which Settlement-Judge Services are offered.*			
FY 2017	**FY 2018**		***New measure beginning in FY 2017**
Actual	**Target**	**Actual**	
100%	90%	100%	
Data Source: CMS			
Target: Exceeded.			

Measure 2.4: The percentage of ULP cases in the OALJ in which an offer of Settlement-Judge services is accepted by the parties that are partially or totally resolved.**					
****Renumbered measure beginning in FY 2017; previously Measure 2.2**					
FY 2014	**FY 2015**	**FY 2016**	**FY 2017**	**FY 2018**	
Actual	**Actual**	**Actual**	**Actual**	**Target**	**Actual**
96%	87%	74%	93%	85%	83%
Data Source: CMS					
Target: Substantially Met.					

Measure 2.5: The percentage of representation cases in the OGC in which an offer of ADR services is accepted by the parties that are partially or totally resolved.**					
****Renumbered measure beginning in FY 2017; previously Measure 2.3**					
FY 2014	**FY 2015**	**FY 2016**	**FY 2017**	**FY 2018**	
Actual	**Actual**	**Actual**	**Actual**	**Target**	**Actual**
100%	100%	96%	100%	95%	100%
Data Source: CMS					
Target: Exceeded.					

Measure 2.6: The percentage of appropriate arbitration cases in the Authority in which ADR services are offered.*				
FY 2016	**FY 2017**	**FY 2018**		***New measure beginning in FY 2016**
Actual	**Actual**	**Target**	**Actual**	
100%	100%	100%	100%	
Data Source: CMS				
Target: Met.				

Measure 2.7: The percentage of arbitration cases in the Authority in which an offer of ADR services is accepted by the parties that are partially or totally resolved.					
FY 2014	**FY 2015**	**FY 2016**	**FY 2017**	**FY 2018**	
Actual	**Actual**	**Actual**	**Actual**	**Target**	**Actual**
80%	43%	79%	80%	50%	100%
Data Source: CMS					
Target: Exceeded.					

Measure 2.8: The percentage of appropriate negotiability cases in the Authority in which ADR services are offered.*				
FY 2016	**FY 2017**	**FY 2018**		***New measure beginning in FY 2016**
Target	**Actual**	**Target**	**Actual**	
100%	100%	100%	100%	
Data Source: CMS				
Target: Met.				

Measure 2.9: The percentage of proposals or provisions – in negotiability cases in which an offer of ADR services is accepted by the parties – that are partially or totally resolved.	
FY 2014	**FY 2015**
Actual	**Actual**
100%	100%

Measure 2.9: The percentage of negotiability cases in which ADR services are provided that are partially or totally resolved.*				
FY 2016	**FY 2017**	**FY 2018**		***New measure beginning in FY 2016**
Actual	**Actual**	**Target**	**Actual**	
100%	100%	90%	100%	
Data Source: CMS				
Target: Exceeded.				

Measure 2.10: The percentage of bargaining-impasse cases in which an offer of ADR services is accepted by the parties that are partially or totally resolved.	
FY 2014	**FY 2015**
Actual	**Actual**
27%	39%

Measure 2.10: The percentage of bargaining-impasse cases in which parties' disputes are totally resolved voluntarily.*				
FY 2016	**FY 2017**	**FY 2018**		***New measure beginning in FY 2016**
Actual	**Actual**	**Target**	**Actual**	
27%	30%	30%	17%	
Data Source: CMS				
Target: Not Met. The Panel and its staff work directly with each party in every filing of request for assistance to help the parties find a voluntary settlement of some or all of the remaining issues at impasse. While we strive to reach the goal of helping the parties to achieve voluntary resolution of at least 30% of the filings, at times, the Panel must exercise the option of ordering resolution of the final remaining issues in the impasse to bring the matter to closure.				

STRATEGIC GOAL 3: WE WILL MANAGE OUR RESOURCES EFFECTIVELY AND EFFICIENTLY IN ORDER TO ACHIEVE ORGANIZATIONAL EXCELLENCE

The FLRA's ability to fulfill its core mission under the Statute depends on excellent management of the organization and its resources. The organizational-excellence goal emphasizes how the Agency's employees, IT infrastructure, and allocation of resources are central to achieving all of the strategic goals and objectives outlined in the strategic plan.

The landscape of the Federal workplace and workforce continues to evolve, as do the needs of the parties that the FLRA serves. Approximately 29 percent of the FLRA's workforce has been with the Agency for five years or less. Many of the Agency's most experienced employees are currently eligible to retire, and 23 percent of the workforce is eligible to retire in the next 5 years. In light of these facts, it is crucial for the FLRA to simultaneously focus on developing the workforce of the future, while retaining valuable institutional knowledge.

The Agency is prepared to meet ever-changing business demands through the innovative use of IT to best manage the workload and interact with parties. The FLRA continues to be an effective steward of taxpayer dollars, with a renewed focus on maximizing the use of data to inform decision making. The Agency's future operational approaches are designed to foster nimble and seamless deployment of resources coupled with cost-avoidance strategies to support productive labor-management relations across the Federal government. And, consistent with the PMA, the FLRA has a comprehensive, forward-looking plan to increase quality and value in its administrative functions, continue efforts to enhance productivity and achieve cost savings, unlock the full potential of its workforce, and build the FLRA's workplace and workforce for the future.

PERFORMANCE GOAL 1: RECRUIT, RETAIN, AND DEVELOP A HIGHLY TALENTED, MOTIVATED, AND DIVERSE WORKFORCE TO ACCOMPLISH THE FLRA'S MISSION.

In FY 2018, the FLRA provided high quality performance and service delivery. The Agency continued a commitment to empowering and developing a highly engaged and effective workforce. The success of FLRA employees is instrumental to its success as an Agency. The staff-driven Strategic Plan 2018-2022 created in FY 2018 demonstrates the spirit that the FLRA actively manages in its human-capital programs.

Measure 1.1: Program managers ensure that the right employees are in the right place to achieve results.		
FY 2014	**Actual**	Focused on succession planning by increasing targeted attorney recruitment. Renewed agreement with the University of Maryland for discounted tuition for Agency employees. Increased Agency resources through recruitment, staffing, and placement. Utilized the Student Pathways and Summer Externship programs to increase resources for casework and administrative initiatives throughout the Agency. Realigned functions within the Agency's Office of the Executive Director to allow for improved efficiencies and customer service to Agency employees. Worked extensively with managers to hold employees accountable for performance and development. Updated Attorney Recruitment Policy in order to allow managers greater hiring flexibility of the Agency's mission-critical occupation and to streamline the recruitment process. In collaboration with the Partnership for Public Service's Excellence in Government Fellows program, developed and piloted an Employee Onboarding Handbook to improve the onboarding process and increase employee engagement.
FY 2015	**Actual**	Implemented a fully automated and integrated electronic system for personnel actions. Developed a more robust onboarding process through increased use of technology and piloted implementation of an Employee Onboarding Handbook. Updated certain human-resources policies and procedures. Continued to build internal capacity for handling the major human-resources functional areas. Position descriptions continued to be updated and now allow for greater growth and advancement opportunities within the Agency, and employees readily volunteered for collateral-duty assignments, new initiatives, and projects. The Agency also renewed its agreement with a local university to offer discounted tuition to FLRA employees for self-directed study. Improved office customer service by improving the quality of

		advice provided to managers and employees. Worked with managers to educate them about and increase diversity and inclusion when seeking new Agency talent. The Agency achieved greater diversity in its workforce in FY 2015 by increasing strategic and targeted recruitment and posting job opportunities with career-planning and placement services, local colleges and universities, and professional affinity-group organizations. With respect to succession planning, the FLRA continued to offer cross-component developmental details and its training initiative designed to assist higher-graded employees identify and strengthen critical leadership skills in preparation for eventually transitioning to formal leadership positions. To strengthen and support the FLRA's new cadre of first-time managers and supervisors, the Agency identified a series of trainings geared towards developing strategic thinking and other critical skills in preparation for executive leadership at the FLRA. These training initiatives crossed components, bringing together future Agency leaders from all offices to enhance their skills and encourage collaboration among peers.
Measure 1.1: Demonstrate strong recruitment and retention practices.*		
		***New measure beginning in FY 2016**
FY 2016	**Actual**	Strengthened diversity and inclusion recruitment efforts by, among other things, establishing and implementing a process for sharing job announcements with relevant affinity groups. Continued to enhance strategic and targeted recruitment by posting job opportunities with career-planning and placement services, local colleges and universities, and professional affinity-group organizations. Used data to help identify and eliminate barriers to recruiting and hiring the diverse talent that it needs. Worked to strengthen operational offices by seeking feedback through semi-annual and point-of-service surveys. Continued efforts to revise and implement a robust Agency-wide onboarding program, which will include briefings and continuing educational opportunities for employees to strengthen their FLRA knowledge. Strengthened recognition and promotion of cultural-based celebrations, establishing an employee-driven initiative to develop and promote events and activities. Targeted efforts to educate managers about, and increase diversity and inclusion when, seeking new Agency talent, and continued efforts to train Agency staff at all levels on key diversity and inclusion issues. Revised manager performance plans to include diversity-and- inclusion-focused metrics. Recognized with #1 small-Agency ranking in terms of the "New IQ" Index, which provides insights into

		employee perceptions of the inclusiveness of the Agency by looking at twenty questions that measure the five "Habits of Inclusion" – Fair, Open, Cooperative, Supportive, and Empowering. The FLRA was the top-ranking small-Agency for *each* of the five habits of inclusion, with scores averaging 15 percent – and as much as 21 percent – higher than the average scores for all small agencies. And in the 2015 Best Places to Work in the Federal Government rankings, the FLRA was ranked #2 out of 28 small agencies in its support for diversity.
FY 2017	**Actual**	Continued to develop capacity for shared administrative staff across several offices by utilizing administrative staff within the Authority Component – particularly those who are in "confidential" positions to Agency leadership – to provide administrative assistance to the HR, Budget & Finance, and Equal Employment Opportunity (EEO) Offices, which perform sensitive work. Not only does this provide administrative staff with a developmental opportunity, but it also allows for greater flexibility, relieves high-graded managerial staff from having to perform lower-graded administrative tasks, and avoids the need to hire additional FTEs when workloads increase within the component. Aligned the Agency-wide Performance Year (previously July 1 - June 30) with the Fiscal Year. This alignment directly links every employee's individual performance to the FLRA's overall strategic and performance goals, as well as to the Agency's annual budget and funding requests. It will provide a more accurate measurement of each employee's contribution towards achievement of Agency-wide performance goals, greater accountability, and better data regarding resource needs. Conducted an Agency-wide review of all Agency electronic Official Personnel Folders (eOPFs) to: ensure proper retirement coverage (CSRS or FERS); verify the accuracy of service computation dates (SCDs) for both leave and retirement purposes; and examine all folders for missing or undocumented prior service. Conducted an Agency-wide review of every Agency position description (PD) to ensure that all PDs reflect actual duties and that accompanying cover sheets are accurate, and revised PDs that needed revision or that were very dated, which has been particularly critical in conducting "need-to-fill" evaluations and drafting recent vacancy announcements.
FY 2018	**Target**	Complete implementation of all necessary changes/corrections identified during the Agency-wide eOPF and PD reviews.

		Develop/revise and implement standard operating procedures that will help to maintain accurate personnel records going forward. Continue to conduct "need-to-fill" evaluations before filling any vacant positions. Implement workforce reshaping, consistent with Executive Order 13781 and M-17-22. Continue to use data to identify and eliminate barriers to recruiting and hiring the diverse talent that the FLRA needs.
	Actual	Completed implementation of all necessary changes/corrections identified during the Agency-wide eOPF and PD reviews. Implemented standard operating procedures for maintaining accurate eOPFs for all FLRA staff in order to support the provision of excellent customer service. Continued to conduct "need-to-fill" evaluations before filling any vacant positions, consistent with Executive Order 13781 and M-17-22. Continued to use data to identify and eliminate barriers to recruiting and hiring the diverse talent that the FLRA needs. Completed all required security-background investigations for new hires and investigations/re-investigations for existing employees. Clarified the circumstances under which a new background check should be conducted. Ensured that all employees were HSPD-12 compliant. Began a comprehensive review and revision, as appropriate, of all internal Agency policies in order to ensure that they are up to date, necessary, and consistent with law and regulation.
Data Source: FLRA Human Resources Division		
Target: Met.		

Measure 1.2: Maintain and grow Agency expertise through employee development.*		
		***New measure beginning in FY 2016**
FY 2016	**Actual**	Successfully implemented numerous cross-component developmental opportunities for employees, including workgroups to encourage innovation, the development and delivery of

		training, and more than ten detail opportunities at all levels and offices within the Agency. Continued a robust training initiative focusing on leadership and skills development. Addressed temporary mission needs, maximized Student Pathways and student-internship programs, and utilized developmental details within the existing workforce. Provided all new managers and supervisors with leadership-training opportunities, and implemented ongoing executive-training plans aimed at developing executive-level talent among the FLRA's existing workforce. Continued its overall success and improvement as measured by the FEVS, leaving no doubt that the FLRA continues to have a highly engaged workforce that is dedicated to the accomplishment of its mission. The results of the survey reflected the Agency's continuous growth in overall employee satisfaction, as demonstrated by the FLRA ranking as the #1 small Agency in two important indices – Employee Engagement and New IQ – and the increase in 2016 positive ratings in 19 items from 2015. In addition, the FLRA had 66 identified strengths (items with 65% or higher positive ratings) and no identified challenges (items with 35% or higher negative ratings). And the Agency's scores were above the government-wide average in 69 out of 71 questions. Of particular note was that: 97% of FLRA respondents reported that they were held accountable for achieving results; 96% positively rated the overall quality of the work done by their work unit; 96% indicated that they are willing to put in extra effort to get a job done; 94% knew how their work related to the Agency's goals and priorities; 94% thought that the people they worked with cooperated to get the job done; 94% believed that the Agency was successful at accomplishing its mission; 93% found that the workforce had the job-relevant knowledge and skills necessary to accomplish organizational goals; 92% indicated that their supervisors regularly communicated with them about their performance; and 91% stated that employees in their work unit shared job knowledge with each other. Moreover, the Agency maintained its sustained growth of positive responses to the question "supervisors in my work unit support employee development" – increasing by nearly 9.5% over 2015.
FY 2017	**Actual**	Continued to develop capacity for shared administrative staff across several offices by utilizing administrative staff within the Authority Component – particularly those who are in "confidential" positions to Agency leadership – to provide administrative assistance to the HR, Budget & Finance, and Equal Employment Opportunity (EEO) Offices, which perform sensitive

		work. Not only does this provide administrative staff with a developmental opportunity, but it also allows for greater flexibility, relieves high-graded managerial staff from having to perform lower-graded administrative tasks, and avoids the need to hire additional FTEs when workloads increase within the component. Most managers assessed all of their employees on their developmental needs and provided at least one targeted developmental opportunity to each. Training budgets for every office were reduced by 25% in FY 2017, so there was a reduced ability to procure outside training. This resulted in managers finding in-house opportunities to help develop their employees through details (e.g., Acting Chief Information Officer), work groups (e.g., eFiling), and special projects (e.g., revising FLRA policies). In the 2017 FEVS, 78% of FLRA employees responded positively to the OPM FEVS question “supervisors in my work unit support employee development” (Q. 47). Although this represents a 6% decrease from 2016, it is nonetheless 5% above the small-Agency score of 73%, and 10% above the Government-wide score of 68%. In FY 2017, the FLRA continued its overall success as measured by the FEVS, leaving no doubt that the FLRA’s investments in the recruitment, retention, and skills and leadership development of its employees continues to produce a highly engaged workforce that is dedicated to the accomplishment of its mission. The results of the 2017 survey reflect that the FLRA has 55 identified strengths (items with 65% or higher positive ratings) and no identified challenges (items with 35% or higher negative ratings). Compared to 2016, the FLRA increased its positive ratings for 15 questions, experienced no change in its positive ratings for 4 questions, and decreased its positive ratings for 52 questions. The Agency outperformed the Government-wide average in 70 out of 71 questions. And the FLRA continues to rank in the top ten among small agencies (those with 100-999 employees) in two important indices – Employee Engagement and New IQ – with #6 and #5 rankings, respectively. With an Employee Engagement Index score of 77% and a New IQ Index score of 71%, the FLRA exceeds the Government-wide average for each index, as well as for every sub-category of each index. In addition, the FLRA’s Global Satisfaction index score of 72% – well above the Government-wide average of 64% – is a positive indicator of employees’ overall workplace satisfaction.

		As to the Agency's 55 identified strengths, of particular note is that: 99% of FLRA respondents indicate that they are willing to put in extra effort to get a job done; 98% positively rate the overall quality of work done by their work unit; 97% report that they are held accountable for achieving results; 95% know how their work relates to the Agency's goals and priorities; and 92% say that they are constantly looking for ways to do their jobs better. These results show that employees understand the FLRA's mission, understand their role in achieving it, and see themselves as an integral part of achieving Agency-wide success. In addition to its top-ten rankings in the Employee Engagement and New IQ Indexes and increased ratings in 15 questions, FLRA employees also identified areas for improvement. These areas include opportunities for advancement, meaningful recognition of differences in performance, encouragement of creativity and innovation, availability of resources to get their jobs done, and communication from management about what's going on in the Agency.
FY 2018	**Target**	Building on the Agency's evolving succession plan – which is designed to lessen the impact of institutional-knowledge loss as employees retire or leave and to maximize current talent utilization by closing leadership staffing and competency gaps/deficiencies – develop a formal Agency developmental-detail program, establishing cross-component detail opportunities to provide employees with training and developmental experiences that will enhance their skills and increase their understanding of the Agency's mission and operations across program lines, as well as the relevance of their work to the mission and programs of the FLRA. Managers will assess annually 100% of employees on their developmental needs and provide at least one targeted developmental opportunity to each of their staff members per year. Maintain sustained growth of positive responses to the OPM FEVS question "supervisors in my work unit support employee development."
	Actual	Offered cross-component details to provide employees with training and developmental experiences that will enhance their skills and increase their understanding of the Agency's mission and operations. Managers assessed annually employees on their developmental

		needs and provided appropriate training and developmental opportunities. Maintained sustained status of higher positive responses than the Government-wide average to the OPM FEVS question "Supervisors in my work unit support employee development"
Data Source: FLRA Human Resources Division		
Target: Met.		

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

The FLRA began accepting eFilings in FY 2013, and, as of FY 2015, eFiling is available for all FLRA offices that receive case filings. The FLRA is continuing to work towards implementing the Agency's long-term goal of sharing end-to-end electronic case files throughout the FLRA, as well as the OMB-mandated target of having fully electronic files by 2019. Increasing eFiling is critical to achieving this goal. In this regard, the more case-related information that the FLRA receives electronically – rather than in hard copy – from the outset, the easier it is to convert that information into an electronic case file, without the need for FLRA staff to manually scan documents. The Agency has a four-year plan to accomplish the transition to fully electronic case files in agile phases.

Measure 2.1: Expand the use of eFiling.		
FY 2014	**Actual**	12% of cases eFiled.
FY 2015	**Actual**	17% of cases eFiled.
FY 2016	**Actual**	22% of cases eFiled.
FY 2017	**Actual**	35% of cases eFiled.
FY 2018	**Target**	75% of cases eFiled
	Actual	35% of cases eFiled
Data Source: CMS		
Target: Not Met. Although the Agency did not meet its target goal, the improvements the Agency made to its eFiling system during FY 2018 are intended to encourage increased eFiling by its customers. It is expected that the improvements will increase the Agency's ability to meet this goal in FY 19. We continue to explore new strategies for increasing use of its improved eFiling system.		

Measure 2.2: Electronic end-to-end case processing.		
FY 2014	**Actual**	Migrated the CADR to an end-to-end electronic case file.
FY 2015	**Actual**	Made eFiling available for OALJ cases, resulting in eFiling being available for all offices that accept case filings. As a result, completed full integration of the CMS and eFiling systems, enabling end-to-end electronic case processing throughout the Agency.
FY 2016	**Actual**	With the full completion of the eFiling objective, the CMS has the structure in place to receive and store electronically filed cases. The applications have been merged, creating bridges between the two systems, to support end-to-end electronic case-processing capability. The FLRA neared completion of improving the eFiling user interface, which builds upon the existing system, making the eFiling system more user-friendly and intuitive. And efforts are underway to implement a Document Management System (DMS). This effort will span into FY 2017, and it is a critical step in accomplishing the FLRA's multi-year electronic-case-file plan.
FY 2017	**Actual**	Incorporating internal and external customer feedback, adopting "agile" development efforts, and utilizing open-source code, completed development of a brand new, user-friendly eFiling application with a Ruby on Rails user interface and a Postgres backend database that is housed in Amazon Web Services – a cloud-based solution. Final testing and additional enhancements that were not anticipated until later in FY 2018 are currently being completed, and eFiling 3.0 will launch to the public in the 1st quarter of FY 2018. It is anticipated to dramatically increase the number of FLRA cases filed electronically. Laid the foundation for modernizing the infrastructure for the Agency's electronic CMS and eFiling by transitioning to a new backend product – Postgres database housed in Amazon Web Services – that will allow for a more user friendly and complete integration of the CMS, the eFiling system, and the DMS. Deployed an Agency-wide, cloud-based DMS, which replaced the existing network shares with an integrated document and email communications system that will facilitate document sharing and electronic case-processing initiatives.
FY 2018	**Target**	Integrate the CMS and eFiling systems with the Agency Document Management System, enabling end-to-end electronic case processing throughout the Agency.
	Actual	Developed and launched eFiling 3.0, which both internal and external users report is significantly more user-friendly and intuitive. Began development of a new and improved CMS that, over time, will provide significant cost savings ($100,000 annually) and allow for more efficient integration of the CMS and eFiling systems with the DMS, enabling end-to-end electronic case processing throughout the

		Agency. Identified the basic structure of electronic case files for each component/office in the DMS. Completed transition of all major IT functions – CMS, DMS, eMail – to the cloud, which improves both IT security, consistent with the PMA, and Agency continuity of operations plans.
Data Source: FLRA Information Resources Management Division		
Target: Met.		

VERIFICATION AND VALIDATION OF PERFORMANCE DATA

The CMS is used by FLRA offices to track and manage caseload. Each office enters information on case filings into the CMS, and is accountable for quality control of the data entered into the system. Case-performance data verification and validation was performed using information from the CMS. *NOTE: In November 2018, the FLRA audited the case-numbers for the past five years and found some errors from prior years. This PAR contains the most accurate numbers, and should be used instead of data from PARs of prior years.*

PRINCIPAL FINANCIAL STATEMENTS

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

The FLRA's FY 2018 Performance and Accountability Report reflects the correlation between the financial and programmatic aspects of the Agency's work. The report bridges these two areas by presenting FLRA performance with the financial results of Agency operations. The principal financial statements and notes that follow explain the FLRA's financial position as of September 30, 2018, and how the Agency's financial resources were expended to achieve performance results. For the thirteenth 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.

With FY 2019 expected to be another challenging year (since we are currently funded through a Continuing Resolution), we will continue to focus on identifying solutions to maintain our financial stability, ensure transparency and accountability, and maintain our high levels of mission performance and employee satisfaction and morale. We will also continue to work with the Administration and the Congress in seeking ways to strengthen and improve the Agency's system for the administrative control of funds. We are confident that the FLRA's financial and performance data are complete, accurate, and reliable.

Colleen Duffy Kiko
Chairman and Chief Executive Officer
November 15, 2018

Federal Labor Relations Authority BALANCE SHEET (in dollars) As of September 30, 2018 and 2017		
	2018	**2017**
Assets:		
Intragovernmental		
Fund Balance With Treasury (Note 2)	$4,474,299	$4,981,468
Accounts Receivable (Note 3)	10,114	9,966
Prepaid Expenses	18,141	5,429
Total Intragovernmental	4,502,554	4,996,863
Accounts Receivable, Net (Note 3)	0	424
Property, Equipment, and Software, Net (Note 4)	78,734	187,819
Total Assets	**$4,581,288**	**$5,185,106**
Liabilities:		
Intragovernmental		
Accounts Payable (Note 5)	$328,155	$298,123
Accrued Payroll and Benefits (Note 5)	187,829	150,021
FECA Unfunded (Note 5)	222,358	242,229
Total Intragovernmental	738,342	690,373
Accounts Payable (Note 5)	326,584	626,657
Unfunded Leave (Note 5)	1,102,800	1,239,740
FECA Actuarial Liability (Note 5)	1,249,217	1,254,731
Accrued Payroll and Benefits (Note 5)	792,746	588,668
Other Liabilities (Note 6)	261	0
Total Liabilities	**$4,209,950**	**$4,400,169**
Net Position:		
Unexpended Appropriations - Other Funds	$2,864,908	$3,333,393
Cumulative Results of Operations - Other Funds	(2,493,570)	(2,548,456)
Total Net Position	**371,338**	**784,937**
Total Liabilities and Net Position	**$4,581,288**	**$5,185,106**

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

Federal Labor Relations Authority STATEMENT OF NET COST (in dollars) For the Years Ended September 30, 2018 and 2017		
	2018	**2017**
Gross Program Costs:		
Authority:		
Intragovernmental Costs	$6,039,210	$5,802,070
Public Costs	9,121,750	8,801,998
Total Program Costs	15,160,960	14,604,068
Less: Earned Revenue	(1,239)	(12,806)
Net Program Costs	**$15,159,721**	**$14,591,262**
Federal Services Impasse Panel:		
Intragovernmental Costs	$189,605	$187,956
Public Costs	669,093	676,661
Total Program Costs	858,698	864,617
Less: Earned Revenue	0	0
Net Program Costs	**$858,698**	**$864,617**
Office of General Counsel:		
Intragovernmental Costs	$2,757,467	$2,552,444
Public Costs	8,531,298	8,625,612
Total Program Costs	11,288,765	11,178,056
Less: Earned Revenue	(7,199)	(14,562)
Net Program Costs	**$11,281,566**	**$11,163,494**
Total Gross Program Costs	$27,308,423	$26,646,741
Less: Total Earned Revenue	(8,438)	(27,368)
Net Cost of Operations	**$27,299,985**	**$26,619,373**

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

Federal Labor Relations Authority STATEMENT OF CHANGES IN NET POSITION (in dollars)		
For the Years Ended September 30, 2018 and 2017		
	2018	**2017**
Unexpended Appropriations:		
Beginning Balances	$3,333,393	$2,906,771
Budgetary Financing Sources:		
Appropriations Received	26,200,000	26,200,000
Other Adjustments	(519,592)	(207,127)
Appropriations Used	(26,148,893)	(25,566,251)
Total Budgetary Financing Sources	(468,485)	426,622
Total Unexpended Appropriations	**$2,864,908**	**$3,333,393**
Cumulative Results of Operations:		
Beginning Balances	($2,548,456)	($2,356,665)
Budgetary Financing Sources:		
Appropriations Used	26,148,893	25,566,251
Other Financing Sources (Non-Exchange):		
Imputed Financing Sources	1,205,978	861,331
Total Financing Sources	27,354,871	26,427,582
Net Cost of Operations	(27,299,985)	(26,619,373)
Net Change	54,886	(191,791)
Cumulative Results of Operations	($2,493,570)	($2,548,456)
Net Position	**$371,338**	**$784,937**

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

Federal Labor Relations Authority
STATEMENT OF BUDGETARY RESOURCES
(in dollars)

For the Years Ended September 30, 2018 and 2017

	2018	2017
Budgetary Resources:		
Unobligated balance from prior year budget authority, net	$932,190	$1,245,096
Appropriations	26,200,000	26,200,000
Spending authority from offsetting collections	12,323	27,313
Total Budgetary Resources	**$27,144,513**	**$27,472,409**
Memorandum (non-add) Entries:		
Net adjustments to unobligated balance brought forward, Oct. 1	($4,251,250)	($3,193,427)
Status of Budgetary Resources:		
New obligations and upward adjustments (Note 10)	$26,408,865	$26,218,588
Unobligated balance, end of year:		
Apportioned, unexpired account	9,108	66,825
Expired unobligated balance, end of year	726,540	1,186,996
Unobligated balance, end of year (total)	735,648	1,253,821
Total Budgetary Resources	**$27,144,513**	**$27,472,409**
Outlays, net:		
Outlays, net, (total)	26,187,577	25,458,707
Agency outlays, net	**$26,187,577**	**$25,458,707**

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

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 ULP complaints; (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 OGC, and the FSIP; and is led by a Chairman, who serves as the FLRA's chief executive and administrative officer. 5 U.S.C. §§ 7104(b)

B. Basis of Accounting and Presentation

The financial statements have been prepared to report the financial position, net cost of operations, changes in net position, and budgetary resources of the FLRA in accordance with the Chief Financial Officers Act of 1990, the Government Management Reform Act of 1994, and the Accountability of Tax Dollars Act of 2002. The statements have been prepared from agency financial records in accordance with U.S. Generally Accepted Accounting Principles (GAAP), in accordance with guidance issued by the Federal Accounting Standards Advisory Board (FASAB) and the OMB, as prescribed in OMB Circular A-136, Financial Reporting Requirements, and pursuant to the requirements of 31 U.S.C. § 3515(b). These financial statements include all funds and accounts under the control of the FLRA.

The accounting structure of Federal agencies is designed to reflect both accrual and budgetary accounting transactions. Under the accrual method of accounting, revenues are recognized when earned, and expenses are recognized when incurred, without regard to the receipt or payment of cash. The budgetary accounting principles, on the other hand, are designed to recognize the obligation of funds according to legal requirements, which in many cases 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.

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. The FLRA reports its liabilities under two categories, Intragovernmental and With the Public. Intragovernmental liabilities represent funds owed to another government agency. Liabilities with the Public represent funds owed to any entity or person that is not a federal agency, including private sector firms and federal employees. Each of these categories may include liabilities that are covered by budgetary resources and liabilities not covered by budgetary resources. No liability can be paid, however, absent an appropriation. Liabilities for which an appropriation has not been enacted are, therefore, classified as not covered by budgetary resources, since there is no certainty that the appropriation will be enacted. Liabilities that are covered by budgetary resources consist of intragovernmental and public accounts payable and accrued funded payroll.

Liabilities not covered by budgetary resources in FY 2017 and FY 2018 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, CSRS offset 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 2017 and FY 2018 was $18,000 and $18,500, 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 2018, the FLRA matched the retirement withholdings with a contribution equal to 13.7 percent of the employee's taxable salary. Due to enactment of the FERS Revised Annuity Employee and Further Revised Annuity Employee programs, the agency matched with a contribution equal to 11.9 percent for employees hired during and after calendar year 2013.

All employees are eligible to contribute to the TSP. For employees under the FERS, a TSP account is automatically established. The FLRA is required to make a mandatory contribution of 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, CSRS offset 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 2017 and FY 2018 was $26,200,000.

N. Expired Accounts and Cancelled Authority

Unless otherwise specified by law, annual budget authority expires for incurring new obligations at the beginning of the subsequent fiscal year. The account into which the annual authority is placed is called an expired account. For five fiscal years, the expired account is available for expenditure to liquidate valid obligations incurred during the unexpired period. Adjustments are allowed to increase or decrease valid obligations incurred during the unexpired period that were not previously reported. At the end of the fifth expired year, the account is cancelled and any remaining money is returned to the Treasury.

O. 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, 2018 and 2017 were as follows (In Dollars):

	2018	2017
Status of Fund Balance with Treasury:		
Unobligated Balance		
Available	$ 9,108	$ 66,825
Unavailable	726,540	1,186,996
Obligated Balance Not Yet Disbursed	3,738,651	3,727,647
Total	$ 4,474,299	$ 4,981,468

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

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, 2018 and 2017. Accounts Receivable balances as of September 30, 2018 and 2017 were as follows (In Dollars):

	2018		2017	
Intragovernmental				
Accounts Receivable	$	10,114	$	9,966
Total Intragovernmental Accounts Receivable	$	10,114	$	9,966
With the Public				
Accounts Receivable	$	-	$	424
Total Public Accounts Receivable	$	-	$	424
Total Accounts Receivable	$	10,114	$	10,390

NOTE 4: PROPERTY, EQUIPMENT, AND SOFTWARE, NET

Schedule of Property, Equipment, and Software as of September 30, 2018 (In Dollars):

Major Class		Acquisition Cost		Accumulated Amortization/ Depreciation		Net Book Value
Computer Equipment	$	455,885	$	377,756	$	78,129
Office Equipment		202,231		202,231		-
Office Furniture		453,695		453,090		605
Total	$	1,111,811	$	1,033,077	$	78,734

Schedule of Property, Equipment, and Software as of September 30, 2017 (In Dollars):

Major Class		Acquisition Cost		Accumulated Amortization/ Depreciation		Net Book Value
Computer Equipment	$	455,885	$	286,579	$	169,306
Office Equipment		202,231		202,231		-
Office Furniture		453,695		435,182		18,513
Total	$	1,111,811	$	923,992	$	187,819

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, 2018 consist of the following (In Dollars):

	Covered	Not Covered	Total
Intragovernmental Liabilities			
Accounts Payable	$ 328,155	$ -	$ 328,155
Accrued Payroll and Benefits	187,829	-	187,829
Unfunded FECA	-	222,358	222,358
Total Intragovernmental Liabilities	$ 515,984	$ 222,358	$ 738,342
Public Liabilities			
Accounts Payable	$ 326,584	$ -	$ 326,584
Unfunded Leave	-	1,102,800	1,102,800
FECA Actuarial Liability	-	1,249,217	1,249,217
Accrued Payroll and Benefits	792,746	-	792,746
Other	261	-	261
Total Public Liabilities	$ 1,119,591	$ 2,352,017	$ 3,471,608
Total Liabilities	$ 1,635,575	$ 2,574,375	$ 4,209,950

Liabilities Covered and Not Covered by Budgetary Resources as of September 30, 2017 consist of the following (In Dollars):

	Covered	Not Covered	Total
Intragovernmental Liabilities			
Accounts Payable	$ 298,123	$ -	$ 298,123
Accrued Payroll and Benefits	150,021	-	150,021
Unfunded FECA	-	242,229	242,229
Total Intragovernmental Liabilities	$ 448,144	$ 242,229	$ 690,373
Public Liabilities			
Accounts Payable	$ 626,657	$ -	$ 626,657
Unfunded Leave	-	1,239,740	1,239,740
FECA Actuarial Liability	-	1,254,731	1,254,731
Accrued Payroll and Benefits	588,668	-	588,668
Other	-	-	-
Total Public Liabilities	$ 1,215,325	$ 2,494,471	$ 3,709,796
Total Liabilities	$ 1,663,469	$ 2,736,700	$ 4,400,169

NOTE 6: OTHER LIABILITIES

Other liabilities as of September 30, 2018 consisted of the following (In Dollars):

	Current	Non-Current	2018 Total
With the Public			
Advances and Prepayments	$ 261	$ -	$ 261
Total Other Liabilities	$ 261	$ -	$ 261

There were no other liabilities as of September 30, 2017.

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 120 months beginning on or about January 18, 2012. The 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.

10 Causeway Street, Boston, MA

The FLRA has an interagency agreement with the General Services Administration for office space at 10 Causeway Street, Boston, MA. The term is for 48 months beginning on or about May 15, 2016. 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. Timely notice was provided and FLRA will terminate this lease effective November 30, 2018.

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.

525 Griffin Street, Dallas, TX

The FLRA had an interagency agreement with the General Services Administration for office space at 525 Griffin Street, Dallas, TX. The term was for 120 months beginning on or about October 1, 2017. FLRA terminated this lease effective September 30, 2018.

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 previous term of 57 months began on July 1, 2013 and expired on March 24, 2018. 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 87 months beginning on or about June 1, 2014. 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 2013 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 2018 and 2017 consisted of the following:

	2018	2017
Direct Obligations, Category A	$ 26,395,924	$ 26,191,275
Reimbursable Obligations, Category A	12,942	27,313
Total Obligations Incurred	$ 26,408,865	$ 26,218,588

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, 2018 consisted of the following (In Dollars):

	Federal	Non-Federal	Total
Paid Undelivered Orders	$ 18,141	$ -	$ 18,141
Unpaid Undelivered Orders	(299,939)	2,411,319	2,111,380
Total Undelivered Orders	$ (281,798)	$ 2,411,319	$ 2,129,521

The amount of budgetary resources obligated for undelivered orders at the end of September 30, 2017 consisted of the following (In Dollars):

	Federal	Non-Federal	Total
Paid Undelivered Orders	$ 5,429	$ -	$ 5,429
Unpaid Undelivered Orders	(252,563)	2,326,707	2,074,144
Total Undelivered Orders	$ (247,134)	$ 2,326,707	$ 2,079,573

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 2019 President's Budget, with actual amounts for FY 2017, has been reconciled to the Statement of Budgetary Resources. The FY 2020 President's Budget, with actual amounts for FY 2018, will not be published until February 2019.

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. The FLRA's custodial collections are $ 1 for the year ended September 30, 2018, and $ 1 for the year ended September 30, 2017. Custodial collections are transferred to the Treasury General Fund on September 30 and are not reflected in the financial statements of the Agency.

NOTE 14: RECONCILIATION OF NET COST OF OPERATIONS TO BUDGET

Details of the relationship between budgetary resources obligated and the net costs of operations for the fiscal years ended September 30, 2018 are shown in the following table:

FEDERAL LABOR RELATIONS AUTHORITY
RECONCILIATION OF NET COST AND BUDGET OUTLAYS
FOR THE YEAR ENDED SEPTEMBER 30, 2018
(In Dollars)

	Intra-governmental	With the Public	Total
Net Operating Cost (SNC)	**8,979,083**	**18,320,902**	**27,299,985**
Components of Net Operating Cost Not Part of the Budgetary Outlays			
Property, plant, and equipment depreciation		(109,085)	(109,085)
Increase/(decrease) in assets:			
Accounts receivable	148	(424)	(276)
Other assets	12,712	-	12,712
(Increase)/decrease in liabilities not affecting Budget Outlays:			
Accounts payable	(30,032)	299,811	269,779
Salaries and benefits	(37,808)	(204,077)	(241,885)
Other liabilities	19,871	142,454	162,325
Other financing sources:			
Federal employee retirement benefit costs	(1,205,978)		(1,205,978)
Total Components of Net Operating Cost Not Part of the Budget Outlays	**(1,241,087)**	**128,679**	**(1,112,408)**
Components of the Budget Outlays That Are Not Part of Net Operating Cost			
Other	1	(1)	-
Total Components of the Budget Outlays That Are Not Part of Net Operating Cost	**1**	**(1)**	-
Net Outlays (Calculated Total)	**7,737,997**	**18,449,580**	**26,187,577**
Related Amounts on the Statement of Budgetary Resources			
Outlays, net, (total) (SBR 4190)			26,187,577
Distributed offsetting receipts (SBR 4200)			-
Outlays, Net (SBR 4210)			**26,187,577**

DEMBO·JONES
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

Independent Auditor's Report

The Honorable Colleen Duffy Kiko
Chairman
Federal Labor Relations Authority

In our audits of the Fiscal Years 2018 and 2017 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, 2018 and 2017, 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 2018 with provisions of applicable laws and regulations 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 and regulations; 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. 19-01, *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, 2018 and 2017; 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, 2018 and 2017, 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, 2018, 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, contracts, and grant agreements, 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.

During our 2018 audit, we identified deficiencies in FLRA's internal control over financial reporting that we do not consider to be material weaknesses. Nonetheless, these deficiencies warrant FLRA management's attention. We have communicated these matters to FLRA management and, where appropriate, will report on them separately.

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 and regulations 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 and regulations applicable to FLRA.

Auditor's Responsibility

Our responsibility is to test compliance with selected provisions of applicable laws and regulations 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 and regulations applicable to FLRA.

Results of Our Tests for Compliance with Laws and regulations

Our tests for compliance with selected provisions of applicable laws and regulations disclosed no instances of noncompliance for Fiscal Year 2018 that would be reportable under GAGAS. However, the objective of our tests was not to provide an opinion on compliance with laws and regulations 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 and regulations, 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 and regulations is not suitable for any other purpose.

Dembo Jones, P.C.

Rockville, Maryland
November 15, 2018

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.

UNITED STATES OF AMERICA

FEDERAL LABOR RELATIONS AUTHORITY

WASHINGTON, D.C. 20424-0001

INSPECTOR GENERAL

MEMORANDUM

DATE: September 17, 2018

TO: Colleen Duffy Kiko
Chairman

Ernest DuBester
Member

James Abbott
Member

FROM: Dana Rooney DR
Inspector General

SUBJECT: Top Management and Performance Challenges Facing the Federal Labor Relations Authority (MC-19-01)

In accordance with the *Reports Consolidation Act of 2000*,[1] the Office of Inspector General (OIG) is reporting what it has determined to be the most serious management and performance challenges facing the Federal Labor Relations Authority (FLRA). The attached document responds to this requirement and by statute is required to be included in the FLRA's Performance and Accountability Report.

The OIG retained all three management challenges from last year's list. The top management and performance challenges include: (1) Information Technology Security; (2) Records Management; and (3) Closure of Open Recommendations Outstanding for More Than 1 Year.

This memorandum is based on specific OIG reviews and other reports, as well as our general knowledge of the FLRA programs and operations. Our analysis considers the accomplishments the FLRA reported as of August 21, 2018. We provided our draft challenges report to the FLRA and considered all comments received. In closing, we would like to express appreciation to you and the Executive Director for continuing to support our work and your commitment to excellence. We look forward to working with the FLRA to continually improve the FLRA's efforts to address these important challenges.

Attachment

cc: William Tosick, Executive Director

[1] Public Law 106-531

Information Technology Security

Safeguarding systems and data has been a challenge for all Federal agencies including the Federal Labor Relations Authority (FLRA). The Government Accountability Office has identified the security of cyber assets and the privacy of personally identifiable information on its High-Risk List.[1]

The FLRA depends on its systems and data to carry out its mission. These systems are always at risk and the FLRA must remain vigilant in establishing a control environment to continuously monitor potential Information Technology (IT) risks, threats, vulnerabilities, mitigation and implementation plans.

For the last several years, the Office of Inspector General's (OIG) annual Federal Information Security Modernization Act of 2014 (FISMA) review has identified a repeated weakness in IT. The FLRA has improved greatly over the past few years, providing corrective action plans in response to our recommendations. While the FLRA has had two consecutive clean audits and closed all but one open finding, IT security still remains a management challenge. In our Fiscal Year (FY) 2018 FISMA review, we plan to evaluate the IT deficiency and the actions taken to correct the system weakness.

Information Security

Since the passage of the FISMA, the OIG has annually reviewed the FLRA's information security program. The FISMA requires the FLRA OIG to prepare a report summarizing the review findings and submit it to the Office of Management and Budget (OMB). The most recent FISMA evaluation found that management continues to make progress closing four out of the five prior year recommendations.[2] There were no new recommendations in the FY 2017 review and the remaining open FISMA recommendation was from FY 2015.

Progress in Addressing the Challenge

The FLRA had no new IT security findings for FY 2017, for the second consecutive year. This is a significant accomplishment and a strong indicator of the FLRA's commitment to addressing IT security matters in a timely and comprehensive manner. The FLRA also closed four of its five open findings. The FLRA expects to fully mitigate the remaining open FISMA finding by the end of FY 2019. The impact of this effort will be assessed during the FY 2019 FISMA review.

[1] See http://www.gao.gov/highrisk/ensuring_the_security_federal_government_information_systems/why_did_study

[2] This is based on the FY 2017 FISMA review; the FY 2018 FISMA review had not been completed at the time this document was drafted.

What Needs to Be Done

The FLRA should continue to address and resolve the remaining FISMA weakness identified by the OIG in 2015. Although the FLRA has closed four of its five open recommendations, the agency must be diligent in continuing to monitor and assess its information security to ensure proper IT security controls are in place.

Key OIG Resources

- OIG Report, Evaluation of the Federal Labor Relations Authority Compliance with the Federal Information Security Modernization Act of 2014 for Fiscal Year 2017 (MAR-18-01) October 2017
- OIG Report, Evaluation of the Federal Labor Relations Authority Compliance with the Federal Information Security Management Act Fiscal Year 2015 (ER-16-01), November 9, 2015

Records Management (hard copy and electronic)

Managing Federal business records is an important responsibility of Federal agencies, which are required to institute records management programs. Presidential Memorandum, *Managing Government Records,* was signed on November 28, 2011. It announced an Executive Branch-wide effort to reform Government records. The U.S. National Archives and Records Administration (NARA) are authorized to promulgate regulations for Federal records.

On August 24, 2012, OMB and NARA jointly issued Memorandum M-12-18, *Managing Government Records Directive.* The new directive provides goals, requirements, and deadlines for implementing the Presidential Memorandum. The first goal of the Directive has two compliance deadlines:

- By December 2016, Federal agencies will manage both permanent and temporary email records in an accessible electronic format; and
- By December 2019, Federal agencies will manage all permanent records in an electronic format, and must develop plans to do so by December 2013.

In 2014, Congress amended the *Presidential Records Act and the Federal Records Act* regarding the preservation, storage, and management of Federal records. NARA also provided Federal agencies with specific guidance on July 29, 2015, on how to comply with the Federal law regarding the preservation of electronic messages in Bulletin 2015-02, *Guidance on Managing Electronic Records.*

On March 15, 2017, NARA issued a memo[3] to Senior Agency Officials for Records Management. The memo reminds them of their Federal records and information management responsibilities and addresses three high visibility priorities for the coming year:

- electronic messaging and encrypted messages;
- managing web records; and
- ensuring that all staff, especially incoming political appointees, are properly trained on their responsibilities for records management.

FLRA has taken steps to strengthen its records management, such as by continuing its efforts to use technology to enhance operational efficiencies by automating, paper-based manually intensive processes. This includes developing a case management system infrastructure supporting electronic files that will properly handle agency case files and records. This is an excellent step forward using technology to enhance operational efficiencies. However, system automation is only one part of a comprehensive approach to address the challenge of managing permanent records. Industry practices dictate that along with implementing new technology, it is imperative that a complete oversight or governance process be established to include documenting agency policies, procedures and processes that address all hard copy and electronic records proper handling. Although new automated systems offer increased capabilities, they also present new internal (management) control challenges. The FLRA needs to ensure various roles (e.g., system administrator); related authorities and capabilities are properly assigned, documented, managed and monitored. Such written documentation should be maintained as this need becomes increasingly critical as additional functionality and enhancements are added to the system. Further, although, certain types of records do not have legal retention requirements; the policies, processes and procedures should, clearly and specifically, instruct staff on the proper handling. Further, management should periodically verify that such policies are being followed.

Progress in Addressing the Challenge

The FLRA met the first requirement of OMB Directive M-12-18, managing both permanent and temporary email records in an accessible electronic format. The Agency is currently maintaining all email records in an electronic format. The FLRA provided the following management challenge update:

> "Over the course of FY 2018, the FLRA has continued its efforts to use technology to enhance operational efficiencies by implementing systems to automate paper-based manually intensive processes. This includes the development of an electronic case-management system infrastructure that supports electronic case files and that will further the Agency's efforts to properly handle Agency case files and records. The FLRA has

[3] *Records Management Priorities for 2017, March 15, 2017*

made steady progress in accomplishing its multi-year plan to implement fully electronic files – consistent with the OMB requirements – in 2019. Accomplishments include: development of eFiling 3.0 system, including enhancements for supporting electronic case files; the continued development of/refinements to the Agency's Document Management System, which will provide the storage capability for fully electronic case files; and continued work to transition the case management system, with the first office scheduled to migrate in early FY 2019. All three accomplishments are essential components for implementing fully electronic case files.

The FLRA recognizes that a necessary component of the implementation of electronic case files is the development of policies, processes, and procedures to provide staff with clear guidance for handling records and ensuring compliance with Agency requirements. The Agency continues to make progress to ensure that appropriate oversight and governance processes are established, including reviewing/updating Agency policies, procedures, and processes that address the proper handling and storage of all hard-copy and electronic records. The Agency has reviewed and revised several Agency policies this year, and it will continue to do so, with a goal to review, revise, or reissue as appropriate, all Agency policies by the end of FY 2019. This effort will ensure that system administrators and related authorities and capabilities are properly assigned, documented, managed, and monitored, and that written documentation is kept up-to-date."

What Needs to Be Done

Since the Directive's release, there has been a wealth of additional NARA bulletins and OMB memorandums. Although the FLRA has until 2019 to comply with the evolving requirements, FLRA management should continue working its multi-year agenda to integrate its E-filing and other automated systems. The FLRA needs to design its policies to ensure it complies with all records management requirements and effectively manages its records. Good records management will help the FLRA meet its mission responsibilities.

Key OIG Resources

- President Memorandum, *Managing Government Records,* signed on November 28, 2011
- OMB Directive M-12-18, Managing Government Records Directive, issued August 24, 2012
- NARA Bulletin 2013-02, Guidance on a New Approach to Managing Email Records, issued August 29, 2013
- OMB/NARA Memorandum M-14-16, which included NARA Bulletin 2014-06, Guidance on Managing Email issued September 14, 2014

- NARA Memorandum, Records Management Priorities for 2017, issued March 15, 2017

Closure of Open Recommendations Outstanding for More Than 1 Year

The Inspector General Act of 1978, as amended, requires explanations for all audit reports with recommendations open for more than one year. These outstanding recommendations are also reported to the FLRA and Congress in the OIG's Semiannual Reports to Congress. We first reported the closure of open recommendations outstanding for more than one year as a management challenge in 2016. In 2017, we reported that FLRA had eight open r ecommendations outstanding for more than 1 year. In our March 31, 2018 OIG Semiannual Report, the FLRA closed seven of the eight open recommendations outstanding for more than 1 year. However, one new recommendation met the 1 year aging period and was reported in our March 31 report.

The table below shows a summary of reports with corrective actions outstanding for more than 1 year and whether report recommendations are open or closed.

Reports with Corrective Actions Outstanding for more than 1 year[4]

Report Title	Report Number	Issue Date	Number of Recommendations	Closed	Open
Evaluation of the Federal Labor Relations Authority Compliance with the Federal Information Security Management Act Fiscal Year 2015	ER-16-01	11/15	5	4	1
Management Letter for Fiscal Year 2016 Audit of the Federal Labor Relations Authority's Financial Statements	AR-17-02	11/16	1	0	1

At this time, FLRA has two recommendations outstanding for more than 1 year. Of the two recommendations, one was reported in the FY 2015 FISMA review and the other in the Management Letter for Fiscal Year 2016 Audit of the Federal Labor Relations Authority's Financial Statements. The FISMA recommendation has been outstanding for almost 3 years.

[4] Only the recommendations that have been open for 12 months are reflected in the accompanying list of open recommendations and were reported in our March 31, 2018 Semiannual Report to Congress.

The FLRA obtained an unmodified (clean) opinion on all financial statements in FY 2017, and the independent auditor's FY 2017 Management Letter reported no new recommendations, while closing two of the three prior year recommendations. The remaining recommendation, outstanding for more than 1 year, was included in the FY 2016 Management Letter.

As the OIG continues to issue reports with recommendations, it is critical that the FLRA continue its progress in resolving open findings that are outstanding from prior audits, and design appropriate corrective action plans to implement procedures and address deficiencies, where appropriate. FLRA management should also continuously monitor these plans to ensure timely audit resolution.

Progress in Addressing the Challenge

In response to our FY 2018 management challenges, the FLRA indicated having "made significant progress in closing all but one audit recommendation." FLRA stated it "has clear and comprehensive action plans in place to address all open recommendations." FLRA also noted having a plan in place to close the FISMA weakness by the end of FY 2019.

What Needs to Be Done

We acknowledge that the FLRA continues to initiate actions to address outstanding open recommendations. However, our audit work from the past several years continues to highlight that the FLRA faces challenges in addressing outstanding weaknesses. The impact of FLRA action plans will be assessed during the FY 2018 Financial Statement audit and FY 2019 FISMA review.

Key OIG Resources

- OIG Report, Semiannual Report to Congress for the period October 1, 2017 to March 31, 2018
- OIG Report, Top Management and Performance Challenges Facing the Federal Labor Relations Authority (MC-18-01), October 4, 2017
- OIG Report, Management Letter for Fiscal Year 2016 Audit of the Federal Labor Relations Authority Financial Statements (AR-17-02), November 16, 2016
- OIG Report, Evaluation of the Federal Labor Relations Authority Compliance with the Federal Information Security Management Act Fiscal Year 2015 (ER-16-01), November 9, 2015

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