

FEDERAL LABOR RELATIONS AUTHORITY



OFFICE OF THE INSPECTOR GENERAL

SEMIANNUAL REPORT TO THE CONGRESS

**FOR THE PERIOD
OCTOBER 1, 1991 TO MARCH 31, 1992**

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UNITED STATES OF AMERICA
FEDERAL LABOR RELATIONS AUTHORITY
OFFICE OF THE INSPECTOR GENERAL

WASHINGTON, D.C. 20424

April 30, 1992

The Honorable Jean McKee
Chairman
Federal Labor Relations Authority
500 C Street, SW.
Washington, D.C. 20424-0001

Dear Chairman McKee:

In compliance with the Inspector General Act of 1978 (Pub. L. 95-452), as amended by the Inspector General Act Amendments of 1988 (Pub. L. 100-504), I respectfully submit the fifth Semiannual Report on the activities of the Office of the Inspector General (OIG). This report summarizes the activities and accomplishments of the OIG during the period October 1, 1991 through March 31, 1992. In accordance with the Act, please forward this report to the appropriate Congressional committees and subcommittees within 30 days along with any comments you may wish to make.

During this period, the OIG issued two Final Audit Reports. Another Audit Report is in draft stage, and a new audit was started. Two investigations were completed and a third is in progress. An Audit Manual and an Investigations Manual were completed and are now in use by this Office.

In addition, efforts are well underway to recruit and hire an investigator/attorney. When that process is completed, the OIG staff will total four.

The accomplishments of the OIG have been possible only through the support and cooperation of FLRA managers and staff. Most important, your full support and cooperation has been critical to our success. With your continued cooperation, my staff and I look forward to working with you in ensuring a high level of integrity at the FLRA.

Sincerely,

A handwritten signature in cursive script that reads "Paul D. Miller".

Paul D. Miller
Inspector General

EXECUTIVE SUMMARY

This is the fifth semiannual report issued by the Office of the Inspector General (OIG) at the Federal Labor Relations Authority (FLRA). The report, submitted pursuant to Section 5 of the Inspector General Act of 1978 (Pub. L. 95-452), as amended by the Inspector General Act Amendments of 1988 (Pub. L. 100-504), summarizes the major activities and accomplishments of the Office from October 1, 1991 through March 31, 1992.

During this reporting period, two Final Audit Reports were issued, another report was in draft stage, and a new audit was initiated. No indications of fraud, waste, or abuse were noted as a result of these audits.

Two investigations were completed, and a third is continuing. One matter was referred to another OIG for any action deemed appropriate by that agency. No referrals were made to either the Office of Government Ethics or the Department of Justice.

An Audit Followup Instruction, developed through cooperative efforts of the OIG and the FLRA Executive Director was implemented agencywide during the period. Both an Audit Manual and an Investigations Manual were completed and are now in use by this Office.

INTRODUCTION AND BACKGROUND

The Federal Labor Relations Authority (FLRA) is an independent entity within the Executive Branch. It was created to oversee the labor-management relations program of the Federal Service and as such, administers Title VII of the Civil Service Reform Act of 1978, the Federal Service Labor-Management Relations Statute (5 U.S.C. §§ 7101-7135) (the Statute). The FLRA provides full support to the Foreign Service Labor Relations Board in connection with the implementation of Chapter 10 of the Foreign Service Act of 1980. The Statute protects the right of employees of the Federal Government to bargain collectively and to participate through labor organizations of their own choosing in decisions affecting many conditions of their employment. The FLRA ensures compliance with the statutory rights and obligations of Federal agencies, Federal employees, and the labor organizations that represent Federal employees in their dealings with Federal agencies.

The FLRA is composed of three Members, one of whom is the Chairman who serves as the chief executive and administrative officer. The Authority provides leadership in establishing policies and guidance regarding labor-management relations in the Federal Service.

The General Counsel investigates alleged unfair labor practices, files and prosecutes unfair labor practice complaints before the Authority, and exercises such other powers as set forth in the Statute.

The Federal Service Impasses Panel, an entity within the Authority, provides assistance resolving negotiations impasses between agencies and unions. If the parties do not arrive at a settlement after assistance by the Panel, hearings may be held by the Panel which may then take whatever action is necessary to resolve the impasse.

The Chairman, the Members of the Authority, the General Counsel, and the Chairman of the Federal Service Impasses Panel are appointed by the President for 5-year terms. The appointments of the Chairman, Authority Members, and General Counsel are with the advice and consent of the Senate.

In fiscal year 1992, the Federal Labor Relations Authority was authorized a total of 253 full-time equivalent positions. The annual budget for FY-92 is \$20,769,000. The majority of FLRA personnel are located in Washington, D.C. Regional offices are maintained by the General Counsel in Boston, Washington, Atlanta, Dallas, Denver, Chicago, and San Francisco, with subregional offices in New York, Philadelphia, Cleveland and Los Angeles.

The Office of the Inspector General at the FLRA was established pursuant to the 1988 amendments (Pub. L. No. 100-504) to the Inspector General Act of 1978 (Pub. L. No. 95-452). The Office was formally established on March 24, 1989. The first Inspector General was appointed on September 25, 1989. The Inspector General reports directly to the Chairman.

Under the authorizing legislation, the Office of the Inspector General is to:

- Conduct and supervise audits and investigations relating to the programs and operations of the FLRA.

- Provide leadership and coordination, and recommend policies which (1) promote economy, efficiency and effectiveness in agency programs and operations; and (2) prevent and detect fraud and abuse in those same areas.

- Keep the Chairman and the Congress fully informed regarding problems and deficiencies, as well as the necessity for and the progress of corrective action.

The Office of the Inspector General at the FLRA is presently staffed at three (3) positions; the Inspector General, a Senior Auditor, and an Inspection Assistant. For Fiscal year 1992, the total Office budget is \$258,000. One additional position, an attorney/investigator is authorized, and is to be filled in the very near future.

AUDIT ACTIVITY

During this reporting period, two final audit reports were issued. Another audit was issued in draft report stage; one new audit was started; and one audit continues in progress.

Audits Completed

The following is a description of the reports issued during the period and the status of the reports' recommendations:

Review of Consulting Services, Lobbying Activity, and Employees Detailed to Legislative Committees, Report No. 91-02, November 1991

The audit report provided four recommendations to improve management controls over consulting services and lobbying reporting requirements. The report recommended: (1) adding the required lobbying activity report to the agency's inventory of reporting requirements; (2) periodically updating such inventory; (3) appointing a "senior official" for reviewing consulting service requests; and (4) establishing an ethics directive that defines prohibitive lobbying activities and discusses employee reporting responsibilities. In responding to the report, management said that it has implemented the first recommendation and will implement the other three.

Review of the Authority's ADP Procurement
Plans, Report No. 92-01, March 1992

The OIG reviewed the agency's plan to procure over \$400,000 in personal computers and a network system for the Authority Members' staff in late fiscal year 1992. The OIG found that all planning steps required by the Federal Information Resources Management Regulations and the Office of Management and Budget Circular A-130 were not completed at the time the decision was made on the type of system to procure. In our draft report, we recommended that management delay any major procurement action until a comparative cost analysis of ADP system alternatives is completed and certain strategic planning decisions regarding on-line research and access capabilities are made. We also recommended that management develop a 5-year Strategic IRM (Information Resources Management) Plan; complete certain other planning tasks, such as a risk analysis of the proposed system; and provide staff with additional guidance on using some existing system capabilities until the proposed system is implemented.

In response to the draft report, management delayed procurement actions, completed a comparative cost analysis, made certain strategic planning decisions, and prepared a 5-year Strategic IRM plan. Of the final report's four recommendations, one has been implemented, however, three need some additional implementation action. These actions include completing the risk analysis, expanding the 5-year IRM plan to include a security plan for the proposed system and additional details on individual projects, and providing staff additional guidance on the existing system. Management has agreed with these recommendations.

OTHER AUDIT ACTIVITY

On March 31, 1992, the agency issued Audit Followup Instruction, FLRA Instruction No. 2930.1, which appointed high-level audit followup officials at each of the three independent organizations of the agency. The officials appointed were the FLRA Chairman for the Authority Members, the General Counsel for the Office of General Counsel organization, and the Chairman of the Federal Services Impasses Panel for that organization. The Instruction also provided various audit followup procedures and requirements. This Instruction resulted from a cooperative effort between the OIG and the Office of the Executive Director.

In February 1992, an Audit Manual setting forth OIG audit policies, procedures, and standards for use by personnel of this Office was completed and put into use. The manual meets all requirements of the IG act and amendments, as well as, GAO requirements and standards.

OTHER AUDIT REPORTING REQUIREMENTS

Serious or flagrant problems requiring reporting within 7 days

No problems requiring such reporting were found during the reporting period.

Access to Information

The OIG was not denied any information requested during the reporting period.

Significant Recommendations Of Prior Semiannual Reports Not Implemented

Other than one recommendation lacking management agreement, there were no significant outstanding recommendations from prior reports requiring implementation.

Prior Reports Lacking Management Decisions

There were no previously issued audit reports with recommendations lacking management decisions.

Significant Revised Management Decisions

No management decision was revised during the reporting period.

OIG Disagreement With Significant Management Decisions

The OIG agrees with the management decisions made on the reports issued during this period.

INVESTIGATIVE ACTIVITY

During this reporting period three investigations were opened and a fourth was referred to another OIG for any action which they determined to be necessary. Two of those cases have been closed while the third remains open and is being actively investigated.

Of the two closed investigations, one dealt with allegations that an employee had used significant amounts of government time to pursue private endeavors. The second matter regarded an allegation of improper conduct between an employee and a union representative. Investigation determined that both allegations were without merit.

No matters were referred to prosecutive authorities during this period.

OTHER OIG ACTIVITY

REGULATORY AND LEGISLATIVE REVIEW

On January 25, 1992, the Office of Management and Budget (OMB) circulated a proposed revision of OMB Circular A-50 (Audit Followup) among the IG community and certain other government officials for comment. In our response to OMB, we expressed concern over the apparent requirement that all disagreements between the OIG and management regarding report recommendations must be resolved and that the agency Followup Official will make the final decisions in any unresolved disagreements. We believe these provisions conflict with the 1988 amendments of the Inspector General Act. The Act established the IG's as "independent units" and provided them with the right to disagree with management decisions made on audit report recommendations.

No other matters were reviewed during this period which would have an adverse impact on the programs and operations of the FLRA.

PARTICIPATION IN ACTIVITIES OF THE PRESIDENT'S COUNCIL ON
INTEGRITY AND EFFICIENCY AND COORDINATING CONFERENCE OF THE PCIE

The President's Council on Integrity and Efficiency (PCIE) was established in 1981 to coordinate and implement Government-wide activities to combat fraud and abuse in Federal operations and programs. The PCIE Coordinating Conference is made up of those Offices of the Inspector General, not specifically included as members of the PCIE.

The FLRA's Inspector General is an active member of the PCIE Coordinating Conference and participates on a number of committees established by that organization. In addition, the IG also serves as one of the two conference representatives on the PCIE's Integrity and Law Enforcement Committee.

TABLE I

INSPECTOR GENERAL ISSUED REPORTS
WITH QUESTIONED COSTS

	<u>NUMBER OF REPORTS</u>	<u>QUESTIONED COSTS</u>	<u>UNSUPPORTED COSTS</u>
A. For which no management decision has been made by the commencement of the reporting period.			
B. Which were issued during the reporting period.			
Subtotal (A plus B)			
C. For which a management decision was made during the reporting period.			
(i) dollar value of disallowed costs			
(ii) dollar value of costs not disallowed			
D. For which no management decision has been made by the end of the reporting period.			
E. Reports for which no management decision was made within six months of issuance.			

TABLE II

INSPECTOR GENERAL ISSUED REPORTS
WITH RECOMMENDATIONS THAT
FUNDS BE PUT TO BETTER USE

	<u>NUMBER OF REPORTS</u>	<u>DOLLAR VALUE</u>
A. For which no management decision has been made by the commencement of the reporting period.		
B. Which were issued during the reporting period.		
Subtotal (A plus B)		
C. For which a management decision was made during the reporting period.		During the period October 1, 1991 to March 31, 1992, the Office of the Inspector General did not issue any audit reports which recommended that funds be put to better use.
(i) dollar value of recommendations that were agreed to by management.		
(ii) dollar value of recommendations that were not agreed to by management.		
D. For which no management decision has been made by the end of the reporting period.		
E. Reports for which no management decision was made within six months of issuance.		

