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FEDERAL LABOR RELATIONS AUTHORITY
OFFICE OF INSPECTOR GENERAL

SEMIANNUAL REPORT
TO THE CONGRESS

April 1, 1996
to
September 30, 1996

ROBERT G. ANDARY
INSPECTOR GENERAL



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

WASHINGTON, D.C. 20424

DATE: October 31, 1996

TO: Phyllis N. Segal
Chair

FROM: Robert G. Andary *RGA*
Inspector General

SUBJECT: Semiannual Report to the Congress

In compliance with Section 5 of the Inspector General Act, as amended, 5 U.S.C. App. 3, § 5, I respectfully submit the fourteenth semiannual report on the activities of the Office of Inspector General (OIG). This report summarizes the activities and accomplishments of the OIG during the period April 1, 1996, through September 30, 1996.

Attachment

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EXECUTIVE SUMMARY

This is the fourteenth semiannual report issued by the Office of the Inspector General (OIG) at the Federal Labor Relations Authority (FLRA). This report, submitted pursuant to section 5 of the Inspector General Act, summarizes the major activities and accomplishments of the Office during the period April 1, 1996, through September 30, 1996.

Audits

The Office of Inspector General issued audit report 96-01 on Personal Property Management at the FLRA. The audit report included 21 audit recommendations to improve property management operations and identified both questioned costs and funds that should be put to better use. The OIG Management Analyst assisted in preparing a report on the Evaluation of the Settlement Judge Pilot Program which was issued on June 28, 1996.

Investigations

During this period, seven complaints were received by the OIG, one of which remains pending. One investigation from a previous reporting period was closed.

THE FEDERAL LABOR RELATIONS AUTHORITY

The Federal Labor Relations Authority (FLRA) was created in 1978 as an independent agency to administer the labor-management relations program for over 1.9 million non-postal Federal employees world-wide, more than 1.3 million of whom are now exclusively represented in approximately 2,200 bargaining units. Before the FLRA's creation, labor-management relations in the Federal sector was governed by Executive Order, and its administration was fragmented among various parts of the government. Today's FLRA represents the Federal government's consolidated and unified approach to its labor-management relations.

The FLRA is, in effect, three agencies consolidated in one, with a unified mission to promote stable and constructive labor-management relations that contribute to an efficient and effective government. The three independent operating components through which this mission is fulfilled are the Authority, the Office of General Counsel, and the Federal Service Impasses Panel.

The Authority is a quasi-judicial body with three full-time Members who are appointed by the President with the advice and consent of the Senate. The designated Chair of the Authority also serves as Chief Executive and Administrative Officer of the consolidated components which comprise the FLRA. The Authority component resolves cases in four primary areas. (1) *Negotiability*: the Authority decides cases filed by unions (but not agencies or individuals) concerning the negotiability of proposed collective bargaining agreement terms. (2) *Unfair Labor Practices (ULP)*: the Authority decides ULP appeals filed by agencies and unions (and sometimes, but rarely, individuals) from decisions and recommended orders issued by Administrative Law Judges on complaints prosecuted by the FLRA's Office of General Counsel. (3) *Arbitration Exceptions*: the Authority decides "exceptions" (the equivalent of appeals) filed by agencies and unions (but not individuals) to certain grievance arbitration awards. (4) *Representation*: the Authority decides cases filed by agencies and unions (and sometimes, but rarely, individuals) involving the appropriateness of units for union representation.

Wherever possible, the Authority, in collaboration with the other FLRA components, looks for ways to assist the disputing parties to discuss and bilaterally resolve the problems presented in these cases. The FLRA's goal is to avoid, where possible, unnecessary and contentious litigation.

The Office of the General Counsel (OGC) is the independent investigative and prosecutorial component of the FLRA, directed by a General Counsel who is appointed by the President with the advice and consent of the Senate. In addition to investigating, making decisions about prosecuting, and litigating ULP claims, the General Counsel has statutory authority to settle unfair labor practice charges. The General Counsel also supervises the FLRA's seven Regional Directors in carrying out the responsibilities delegated to them by the Authority to process representation petitions and supervise elections. The OGC has developed a highly effective approach to helping parties resolve more of their disputes on their own, without litigation.

The Federal Service Impasses Panel (Panel): The Federal Service Impasses Panel consists of seven Presidential appointees (one of whom is Chair) who serve on a part-time basis, and are supported by a small full-time staff. The Panel resolves impasses between Federal agencies and unions arising from negotiations over conditions of employment. Consistent with the FLRA's overall emphasis on the voluntary

resolution of disputes, the Panel has a long history of successfully promoting alternatives to litigation, using a variety of formal and informal means to resolve bargaining impasses. Thus, in addition to written decisions and orders, the Panel also uses telephone mediation, mediation-arbitration, and fact finding hearings to resolve negotiation impasses.

The FLRA will use approximately 216 full-time equivalents this fiscal year, compared with 210 FTE's used in FY 1996, and 219 FTE's used in FY 1995. The FLRA has a FY 1997 appropriation of \$21,588,000, which is \$400,000 less than requested in the FLRA Congressional budget submission. The appropriation represents an increase from the FY 1996 appropriation of \$20,555,000, and the FY 1995 appropriation of \$21,339,00.

The majority of the Authority's personnel are located in Washington, D.C. The General Counsel maintains Regional Offices in Boston, Washington D.C., Atlanta, Dallas, Denver, Chicago, and San Francisco.

FLRA MISSION STATEMENT

The Federal Labor Relations Authority exercises leadership under the Federal Service Labor-Management Relations Statute to promote stable, constructive labor-management relations that contribute to a more effective Government.

The Federal Labor Relations Authority fulfills its mission by:

- enforcing and clarifying the law through sound, timely decisions and policies;
- using fast, simple processes to conduct its business;
- providing high quality training and education programs, and furnishing effective intervention services; and
- administering its resources to ensure that services are responsive to the unique needs of its customers.

In order to accomplish this mission, the FLRA has established the following three goals:

1. The FLRA will be an organization that consistently provides the highest quality service that timely resolves disputes in the Federal labor-management relations community.

2. The FLRA will be an organization that effectively uses and promotes alternative dispute avoidance and resolution to reduce the costs of conflict.
3. The FLRA will develop and maintain a highly effective organization with the flexibility to meet program needs.

OFFICE OF THE INSPECTOR GENERAL

The FLRA'S Office of the Inspector General was established pursuant to Pub. L. 100-504, the Inspector General Act Amendments of 1988, which amended Pub. L. 95-452, the Inspector General Act of 1978. The Inspector General reports directly to the Chair. As set forth in the authorizing legislation, the Inspector General:

-conducts and supervises audits and investigations relating to the programs and operations of the FLRA;

-provides leadership and coordination, and recommends policies which (1) promote economy, efficiency and effectiveness in agency programs and operations; and (2) prevent and detect fraud and abuse; and,

-keeps the Chair 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 (OIG) is currently staffed at three positions: the Inspector General, a Senior Auditor, and a Senior Management Analyst. However, since the OIG FY 1997 Budget does not fully fund the Senior Management Analyst position, FLRA management is working with the Inspector General to continue to fund the Senior Management Analyst position for as long as possible during the Fiscal Year to avoid a RIF of the Senior Management Analyst.

The Office of Inspector General maintains a toll-free hotline number for receiving complaints. Investigations are conducted primarily by the Inspector General, an attorney with significant experience in Federal investigations.

OFFICE OF INSPECTOR GENERAL MISSION STATEMENT

The mission of the FLRA Office of Inspector General is to be a catalyst for improving FLRA programs and operations. The goal of our work is to improve the management and conduct of FLRA programs and operations by evaluating performance and identifying

ways to make these programs and operations more efficient and effective.

The primary objectives of the Office of Inspector General are:

- o To evaluate the efficiency, economy, legality, and effectiveness with which FLRA components carry out their financial management and program responsibilities.
- o To assist the Chair and FLRA management in carrying out their responsibilities by providing them with objective and timely information on the conduct of FLRA operations, together with the Inspector General's analysis, conclusions, and recommendations.
- o To use investigations and other reviews to increase Government integrity and recommend improved systems to prevent fraud, waste, and abuse.

AUDIT ACTIVITY

Audit of FLRA Personal Property Management

The Office of Inspector General issued audit report 96-01 on Personal Property Management at the FLRA. The audit was undertaken in response to past property thefts and shortages at the FLRA. The objective of the audit was to determine the effectiveness and efficiency of the agency's property management system in safeguarding nonexpendable personal property and in meeting applicable regulations regarding excess property disposal operations and GSA and financial statement reporting obligations.

The audit was conducted from January to June 1996 and covered the records for the receipt, disposal, and database entries of ADP items from FY 1994 through January 4, 1996. The audit also included the physical verification of desktop computers and certain other ADP items at the FLRA headquarters offices. In addition, the audit followed up on a 12-item inventory shortage which was reported after the FY 1994 inventory. Most of the items reported as missing in that inventory were located as a result of the OIG audit.

The audit report included 21 audit recommendations to improve property management operations and identified \$12,850 in potential savings from the sale of excess property items and the elimination of duplicate property databases. The report also identified \$20,960 in questioned costs reflecting unlocated laptop computers and computer memory chips. The FLRA Executive Director concurred with 19 of the 21 audit recommendations.

Evaluation of the Settlement Judge Pilot Project

The report on the Evaluation of the Settlement Judge Pilot Program was issued on June 28, 1996. The Pilot Program was a project undertaken in April, 1995, to expedite the resolution of unfair labor practice complaints. The project called for expanded use of both settlement judges and oral argument in lieu of written briefs. The expanded use of settlement judges was designed to supplement, rather than supplant, settlement techniques traditionally used by the FLRA and its judges.

The OIG Management Analyst assisted in evaluating the first six months of the pilot project and in preparing the report of the evaluation. The report, which was issued under the auspices of the Director of the FLRA Collaboration and Alternative Dispute Resolution Program, evaluated the operation of the pilot program over a six-month period. The report concluded that the settlement judge program was an effective process to reduce adjudication costs for all parties and the FLRA and to increase the effective processing of ULP complaints.

INVESTIGATIVE ACTIVITY

During this period, seven complaints were received by the OIG from various sources. Three complaints were referred to other agencies having jurisdiction over the matters, and one complaint was referred to another component within the FLRA. One complaint was deemed to have no merit and was closed without further action, and one complaint was closed after a preliminary inquiry indicated that no further action was warranted. One complaint is the subject of a continuing inquiry and will result in a management letter recommending corrective action.

One pending investigation involving missing computer items was closed when all missing items, sampled for follow-up review, were located during the Inspector General audit of the FLRA inventory process. The remaining open investigation into the theft of computer items in August, 1995, remains open but inactive.

OTHER OIG ACTIVITY

Strategic Planning

The Inspector General issued a strategic plan in May, 1996, which describes OIG audit activity for the period FY 1996 through FY 2000. In developing the strategic plan, the OIG was guided by two influences: the overall FLRA strategic plan; and the OIG risk assessment of the FLRA audit universe.

The FLRA strategic plan calls for the OIG to support FLRA goals (1) by determining the costs of formal proceedings for the FLRA and the parties; and (2) by determining the costs of alternative proceedings for disputes facilitated by the FLRA for the FLRA and the parties. The OIG strategic plan devotes a substantial amount of the Inspector General's and the Management Analyst's time to accomplishing the two studies called for by the FLRA strategic plan. The first study is scheduled for completion in FY 1997, and the second study is scheduled to commence in the same year and be completed during FY 1998. While the two studies are progressing, the OIG auditor is scheduled to conduct audits of FLRA programs and operations.

The second influence on the OIG strategic plan was a risk assessment conducted by the OIG on the FLRA audit universe. As part of the planning process, the OIG audit universe, which attempts to list all of the possible audits of FLRA programs and activities, was completely revised. Next, the OIG conducted a risk assessment of the audits comprising the audit universe, ranking the audits according to risk, and assigned priorities in three categories: high; medium; and low. The audit universe and the results of the risk assessment were distributed to the head of each agency component, to the Authority Members, and to the Executive Director for comment. Finally, the strategic plan attempted to focus on the 26 audits ranked as high priority audits in the risk assessment.

By planning for the Inspector General and the Management Analyst to conduct non-financial, non-ADP audits separately from the OIG auditor, the strategic plan manages to address 16 of the 26 high priority audits during the period of the strategic plan, May 1996 through January, 2000.

Peer Review

The OIG was selected by the Peer Review Committee of the Executive Council on Integrity and Efficiency (ECIE) to conduct a peer review of another Office of Inspector General. A peer

review is an external quality control review of audit operations of an Office of Inspector General. The OIG conducted the review and issued its conclusions in a letter dated September 27, 1996.

ULP Cost Study

In furtherance of the objectives of the FLRA Strategic Plan, the OIG undertook a study to determine the costs of formal proceedings to resolve unfair labor practice charges under the Federal Service Labor-Management Relations Statute. As part of the study, the Inspector General and the Management Analyst have reviewed several dozen case files, analyzed financial data, and interviewed FLRA employees in Washington D.C., and in the Chicago and Boston Regional Offices. Results of this study will be reported later this year.

Other

The OIG Management Analyst began a review of the case-tracking system used by the Office of Administrative Law Judges in an effort to design a system that would provide more timely and useful statistics. The Inspector General began a review of an agreement between the FLRA and the Financial Services Division of the U.S. Bureau of Reclamation in Denver, Colorado, for the processing of employee travel vouchers.

The Inspector General is a member of the ECIE and continued to participate in activities and bimonthly meetings conducted by that organization. The Inspector General also continued to attend monthly management meetings of FLRA office directors to discuss issues relating to the operation of the agency.

SPECIFIC REPORTING REQUIREMENTS OF SECTION 5(a) OF THE INSPECTOR GENERAL ACT OF 1978, AS AMENDED

The following summarizes the Office of Inspector General response to the twelve specific reporting requirements set forth in Section 5(a) of the Inspector General Act of 1978, as amended.

1. A description of significant problems, abuses, and deficiencies relating to the administration of programs and operations of such establishment disclosed by such activities during the reporting period.

The OIG reported significant problems in maintaining the completeness and the integrity of the automated database system which is the agency's primary means of safeguarding its property. Approximately fifty percent of the property receipts tested were not recorded to the database. Thirty-one of thirty-five property

items were deleted from the database using invalid data-entry error justifications. These problems are described under finding one in Audit Report 96-01.

2. *A description of the recommendations for corrective action made by the Office during the reporting period with respect to significant problems, abuses, or deficiencies identified pursuant to paragraph (1).*

The OIG recommended that employees in the FLRA Administrative Services Division (ASD) periodically compare print-outs from the PRISM procurement system of ADP equipment (and other trackable equipment) purchases with property database entries for identifying any unrecorded property purchases or receipts. The OIG also recommended that ASD Director review and sign the property disposal listing printouts to ensure that database adjustments are valid and that applicable entries reconcile with excess property reports to GSA and the FLRA's "Government Property Lost or Damaged Survey Certificate" report.

These recommendations are found in Audit Report 96-01, as recommendations 2 and 10 under finding one.

3. *An identification of each significant recommendation described in previous semiannual reports on which corrective action has not been completed.*

No audit recommendations fall within this category.

4. *A summary of matters referred to prosecutive authorities and the prosecutions and convictions which have resulted.*

No matters were referred to prosecutive authorities.

5. *A summary of each report made to the head of the establishment under section (6)(b)(2) during the reporting period.*

No report was made to the FLRA Chair under section (6)(b)(2) during the reporting period.

6. *A listing, subdivided according to subject matter, of each audit report issued by the Office during the reporting period, and for each audit report, where applicable, the total dollar value of questioned costs (including a separate category for the dollar value of unsupported costs) and the dollar value of recommendations that funds be put to better use.*

Audit Report No. 96-01 concerning Personal Property Management reported \$20,960 in questioned costs and \$12,850 in funds that should be put to better use. No unsupported costs were reported.

7. *A summary of each particularly significant report.*

Audit Report No. 96-01 concerning Personal Property Management is described above under "Audit Activity."

8. *Statistical tables showing the total number of audit reports with questioned costs and the total dollar value of questioned costs.*

The required statistical table can be found in Table I which follows.

9. *Statistical tables showing the total number of audit reports with recommendations that funds be put to better use and the dollar value of such recommendations.*

The required statistical table can be found in Table II, below.

10. *A summary of each audit report issued before the commencement of the reporting period for which no management decision has been made by the end of the reporting period (including the date and title of each such report), an explanation of the reasons such management decision has not been made, and a statement concerning the desired timetable for achieving a management decision on each such report.*

No management decisions fall within this category.

11. *A description and explanation of the reasons for any significant revised management decision made during the reporting period.*

No management decisions fall within this category.

12. *Information concerning any significant management decision with which the Inspector General is in disagreement.*

No management decisions fall within this category.

TABLE I: OIG AUDIT REPORTS WITH QUESTIONED COSTS

INSPECTOR GENERAL REPORTS WITH QUESTIONED COSTS	NUMBER OF REPORTS	DOLLAR VALUE	
		Questioned Costs	Unsupported Costs
A. For which no management decision has been made by the commencement of the reporting period.	0	0	0
B. Which were issued during the reporting period.	1	\$20960	0
C. For which a management decision was made during the reporting period.	1	\$20960	0
(I) dollar value of disallowed costs.	1	\$20960	0
(ii) dollar value of costs not disallowed.	0	0	0
D. For which no management decision has been made by the end of the reporting period.	0	0	0

**TABLE II: OIG AUDIT REPORTS WITH RECOMMENDATIONS
THAT FUNDS BE PUT TO BETTER USE**

INSPECTOR GENERAL REPORTS WITH RECOMMENDATIONS THAT FUNDS BE PUT TO BETTER USE	NUMBER OF REPORTS	DOLLAR VALUE
A. For which no management decision has been made by the commencement of the reporting period.	0	0
B. Which were issued during the period.	1	\$12850
C. For which a management decision was made during the reporting period.	1	\$12850
(I) dollar value of recommendations that were agreed to by management.	1	\$12850
(ii) dollar value of recommendations that were not agreed to by management.	0	0
D. For which no management decision was made by the end of the reporting period.	0	0

GLOSSARY

Management Decision

A final decision made by management in response to audit report recommendations that may include actions concluded to be necessary or a determination that no action is necessary.

Questioned Costs

Expenditures questioned by the OIG due to:

- UNSUPPORTED COSTS, which involve inadequate documentation.
- DISALLOWED COSTS, which involve an alleged violation (concurring with Management Decision) of a law, regulation, grant, contract, or other agreement.
- UNNECESSARY OR UNREASONABLE COSTS.

Funds Be Put To Better Use

The amount of savings estimated by the OIG that could be obtained by implementing report recommendations relating to more efficient management operations.

Final Action

Completion by management of either all actions necessary to implement report recommendations or a management decision that determines no action is necessary.

Significant Recommendations

According to Section 5(a)3 of the Inspector General Act, the OIG is required to follow up and report on the implementation status of all open "significant recommendations" from prior Semiannual reports. The OIG has defined "significant recommendations" as those that pertain to deficiencies that could result in FLRA failure to accomplish mission functions or could result in additional costs or lost funds exceeding \$5,000.

Management Letter

This document brings to the attention of management any of a broad range of issues and subjects which should be addressed by management but do not require formal audit or investigation. Management letters are generally unplanned and are issued to report on situations found in conjunction with an on-going or completed audit or investigation. They may also be used to expand on previously issued audit report recommendations.

REPORT: FRAUD, WASTE, ABUSE, AND MISMANAGEMENT

TO:

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**INFORMATION IS CONFIDENTIAL
CALLER CAN BE ANONYMOUS**

However, each caller is encouraged to assist the Inspector General by supplying information as to how they may be contacted for additional information.