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OFFICE OF THE INSPECTOR GENERAL

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SEMIANNUAL REPORT  
TO THE CONGRESS

COVERING THE PERIOD

APRIL 1, 1990 TO SEPTEMBER 30, 1990



U . S . FEDERAL LABOR RELATIONS AUTHORITY



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

WASHINGTON, D.C. 20424

November 6, 1990

TO: Chairman Jean Mckee

FROM: Paul D. Miller  
Inspector General

SUBJECT: Semiannual Report - Office of the Inspector General

This is the second Semiannual Report of the Office of the Inspector General (OIG) of the U.S. Federal Labor Relations Authority (FLRA). It summarizes the activities and accomplishments of the Office of the Inspector General from April 1, 1990 through September 30, 1990. Section 5 of the Inspector General Act of 1978, as amended, requires that you transmit this report to the appropriate committees or subcommittees of the Congress within 30 days of its receipt together with any comments which you deem appropriate.

As was the case during the first reporting period, most of the OIG's efforts have been directed toward establishing the viability of the Office. The OIG has executed Memoranda of Understanding with other FLRA offices to establish procedures for support in personnel matters, public affairs, and regulatory and legislative review. In addition, all legal requirements have been met for the establishment of the investigative file system for the OIG. Internal regulations have been drafted or issued promulgating both audit and investigative authority for the OIG.

When the OIG transmitted the first Semiannual report in April 1990, many issues of budget and staffing were unresolved. Unfortunately, this situation has continued during the second reporting period. The Office of the Inspector General has essentially no operating budget. Those resources which have been made available to this Office after our initial discussion have been transferred from other functional areas of the FLRA.

This method of supporting the OIG, though both appreciated and well intended, creates the perception of a lack of independence of the Office of the Inspector General. In addition, agency efficiency suffers. The losing activity operates at a reduced level, while the resources which have accrued to this Office have not been sufficient to mount an adequate and professional operation. The projected hiring of a senior internal auditor in early calendar year 1991 will lessen the problem, but is not a solution.

The OIG's resource problem can be alleviated in the short term (FY-91) if sufficient resources are made available to allow minimum use of contract services. For both the OIG's audit and investigative functions, these contract services could be obtained on a cost reimbursable basis from other OIG's. Contract services in the audit area could also include those offered by private independent accounting firms. With temporary funding for these purposes, the Office of the Inspector General could begin to implement ongoing audit and inspection programs to more than meet its statutory mandate. Without it, the OIG's accomplishment of its mission in the manner contemplated by the Congress would be placed in jeopardy.

Your understanding and support of the Office of the Inspector General during the past year has been appreciated. I am hopeful that, with the continuation of such support, these issues can be resolved in such a way as to provide maximum benefit to the FLRA generally, and the OIG specifically.

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## EXECUTIVE SUMMARY

This report on the activities of the Office of the Inspector General (OIG) of the Federal Labor Relations Authority (FLRA) is submitted pursuant to Section 5 of the Inspector General Act of 1978 as amended: Pub. L. No. 95-452, as amended by Pub. L. 100-504. It summarizes the activities of this Office for the 6-month period from April 1, 1990 through September 30, 1990.

The following items highlight the activities of the OIG during the current reporting period. They are described in greater detail in subsequent sections of this report.

### REVIEW OF FLRA'S IMPREST FUND USAGE FOR FY-1989 AND FY-1990 THROUGH MARCH 31, 1990

This review disclosed several minor discrepancies. The report is in final draft and will be issued in the near future.

### REVIEW OF FLRA'S NONEXPENDABLE PERSONAL PROPERTY MANAGEMENT PROGRAM

This report is in draft and contains a number of recommendations to improve internal control procedures.

### REVIEW OF CONSULTANT SERVICES

In connection with submission of the FLRA's annual budget justification, a review was made by the OIG of the consulting services contained therein. No improprieties were found.

### REVIEW OF AUDIT CONDUCTED BY INDEPENDENT ACCOUNTING FIRM OF FY-1989 FLRA FINANCIAL STATEMENTS

A review was made of the audit of FLRA's end of year FY-89 financial statements by an independent accounting firm. No improprieties or significant weaknesses were disclosed by the audit.

### INSTITUTION OF MEMORANDA OF UNDERSTANDING FOR SUPPORT SERVICES

Memoranda of Understanding have been developed and instituted between the OIG and other FLRA offices to establish procedures for support in matters of personnel, public affairs and regulatory and legislative review.

## BACKGROUND

The Federal Labor Relations Authority, an independent entity within the Executive Branch, oversees the labor-management relations program of the Federal service. It 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) and 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 administered by the FLRA 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 employees and the labor organizations that represent them in their dealings with Federal agencies.

The Authority 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 Chairman, Members and General Counsel appointments are with the advice and consent of the Senate.

In fiscal year 1990, the Federal Labor Relations Authority was authorized a total of 261 full-time equivalent positions and a total appropriation of \$17,542,901. The majority of the personnel are in Washington, D.C. The General Counsel has Regional Offices in Washington, D.C., Boston, New York City, Atlanta, Chicago, Dallas, Denver, Los Angeles and San Francisco. sub-regional offices are located in Philadelphia and Cleveland.

The Office of the Inspector General at the Federal Labor Relations Authority was established pursuant to the 1988 amendments to the Inspector General Act of 1978, Public L. No. 100-504 amending Pub. L. No. 95-452. The Office was formally established on March 24, 1989. The first Inspector General was appointed on September 25, 1989.

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

- conduct and supervise audits and investigations.
- Provide leadership and coordination, and to recommend policies which (1) promote economy, efficiency, and effectiveness in agency programs and operations; and (2) to prevent and detect fraud and abuse in those same areas.
- To 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 currently staffed at two (2) positions; the Inspector General and an Inspection Assistant. For Fiscal Year 1991, the Office is budgeted at \$103,000. While this level of funding is sufficient to keep the OIG in existence, it is not adequate to develop and maintain any operations and programs of significance. By reallocating an FTE from the Office of the Chairman, an audit position will be added and filled in January 1991. This will enable the OIG to reduce the problem, but is not a permanent solution. Only adequate resources necessary to sustain meaningful programs will overcome this situation.

## AUDIT ACTIVITY

AUDIT No. 90-01

REVIEW OF FLRA'S IMPREST FUND USAGE FOR  
FY-1989 AND FY-1990 THROUGH MARCH 31.  
1990

An audit of the FLRA's Imprest Fund activity found a number of minor discrepancies and instances of noncompliance with the Department of Treasury's Manual of Procedures and Instructions for Cashiers, as well as, with internal FLRA policies and procedures. Three recommendations were made, all of which were implemented.

AUDIT No. 90-02

REVIEW OF FLRA'S NONEXPENDABLE PERSONAL  
PROPERTY MANAGEMENT PROGRAM

This audit of the Property Management Program is in draft and will be issued in the near future. It will contain a number of suggestions and recommendations to improve internal controls.

REVIEW OF CONSULTING SERVICES

In accordance with Section 1114 (b) of Title 31 U.S.C., a review of consulting services set forth in the FLRA's budget submission was made. No improprieties were noted.

REVIEW OF FLRA FY-1989 GENERAL PURPOSE  
FINANCIAL STATEMENTS

As noted in the Semiannual Report for October 1, 1989 to March 31, 1990, an independent accounting firm had been contracted to audit the FLRA year end General Purpose Financial Statements of FY-1989. A review was made of the scope, objectives and findings of that audit. No exceptions were taken to the results.

The auditors found no improprieties or significant weaknesses. The report stated:

" . . . the general purpose financial statements . . . present fairly, in all material respects, the financial position of the Federal Labor Relations Authority at September 30, 1989, and the results of its operations for the year then ended are in conformity with generally accepted accounting principles."

## INVESTIGATIVE ACTIVITY

No formal investigations were initiated during this period and none are ongoing. Two matters dealing with possible breach of building security procedures were reviewed. They were referred to management officials for appropriate remedial action.

In connection with investigative activities, the required letters and notices have been submitted to establish an exempt system of records for the investigative files of the FLRA OIG. All prerequisites will have been satisfied in the near future and an investigative record system established.

No matters were referred to prosecutive authorities.

## OTHER OIG ACTIVITY

### INITIATION OF MEMORANDUM OF UNDERSTANDING REGARDING PERSONNEL MATTERS

In May 1990, an MOU was executed between the OIG and the Office of Administration, Personnel and EEO Division. This document establishes procedures for the provisions of: (1) personnel advice and processing services; (2) personnel decisions affecting OIG employees; and (3) personnel actions in conformance with applicable laws and regulations.

### ESTABLISHMENT OF PROCEDURES REGARDING PUBLIC AFFAIRS AND LEGISLATIVE/REGULATORY REVIEW

Procedures have been implemented to coordinate the handling of Congressional, Executive or Public Inquiries between the OIG and the FLRA Public Affairs Officer.

These arrangements include methods for the OIG to review proposed legislation and/or regulations affecting the FLRA.

### PARTICIPATION ON THE COORDINATING CONFERENCE OF THE PRESIDENT'S COUNCIL ON INTEGRITY AND EFFICIENCY

The FLRA Inspector General is an active member of the Coordinating Conference of the PCIE. Additionally, the IG also serves as one of two conference representatives on the PCIE's Integrity and Law Enforcement Committee and the Investigative Standards and Training Subcommittee.

### LEGISLATIVE AND REGULATORY REVIEW

As required by the Inspector General Act of 1978, as amended, the OIG routinely reviews proposed legislation and regulations. The purpose of such reviews is to determine whether the proposed material will (1) impact on the economy and efficiency of FLRA programs and operations, and (2) contains adequate internal control procedures to prevent and detect fraud and abuse. Nothing reviewed during this reporting period would impact adversely on FLRA programs and operations.

### ACCESS TO INFORMATION

No OIG reports were made to the Chairman detailing any instance when information or assistance (when requested under Section 6(b)(2) of the Inspector General Act of 1978, as amended) was unreasonably refused or not provided.

TABLE I  
INSPECTOR GENERAL ISSUED 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			
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 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			

*During this report period, the Office of Inspector General did not issue any audit reports which disclosed questioned or unsupported costs.*

TABLE II

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

	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			
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 recommendations that were agreed to by management.			
--based on proposed management action			
--based on proposed legislative action			
(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			

*During this report period, the Office of Inspector General did not issue any audit reports which recommended that funds be put to better use.*



