



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

WASHINGTON, D.C. 20424

April 29, 1996

The Honorable Phyllis N. Segal
Chair
Federal Labor Relations Authority
Washington, D.C. 20424-0001

Dear Chair Segal:

In compliance with Section 5 of the Inspector General Act, as amended, 5 U.S.C. App. 3, § 5, I respectfully submit the thirteenth 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 October 1, 1995, through March 31, 1996.

The report reflects the issuance of two reviews and a management letter. Two ongoing audits are scheduled for completion by the end of the next semiannual reporting period. This reporting period was marked by very little investigative activity, which allowed us to focus our resources on evaluating the programs and operations of the FLRA.

I appreciate the support you continued to give to the Office of Inspector General during this reporting period.

Sincerely,

Robert G. Andary
Robert G. Andary
Inspector General

Enclosure

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EXECUTIVE SUMMARY

This is the thirteenth 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 October 1, 1995, through March 31, 1996.

The mission of the OIG is to prevent and detect fraud, waste and abuse in agency programs and operations. The OIG is also charged with promoting economy, efficiency, and effectiveness within the agency. The activities of the Office are planned to meet those objectives.

Audits

Two reports were issued by the OIG during this reporting period: a "Review of the Unfair Labor Practice Hearing and Decision Process" and a "Review of the FLRA American Express Travel Card Program." The OIG continued work on an audit of the FLRA telecommunications system and an audit of the FLRA property inventory procedures. One management letter was issued with regard to the security of individual computer passwords to gain access to the FLRA local area network. The OIG provided significant support to an FLRA effort to evaluate a pilot project to expedite the resolution of unfair labor practice complaints.

Investigations

During this period, four complaints were received by the OIG, two of which were referred to other agencies. One complaint was closed after the complainant decided to withdraw the complaint for his own reasons, and one complaint was closed after a preliminary inquiry failed to corroborate the complaint. Two investigations remain open pending the outcome of the OIG inventory audit.

INTRODUCTION AND BACKGROUND

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 newest Member of the Authority, Donald S. Wasserman, was sworn in on January 18, 1996. 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; and (4) *Representation*: Finally, 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 211 full-time equivalents this fiscal year, whereas the agency used 219 FTE's in FY 1995. The FLRA has a FY 1996 appropriation of \$20,542,000, down from the FY 1995 appropriation of \$21.7 million. The FLRA appropriation was not approved until November 19, 1995, and before then the FLRA operated under a continuing resolution which granted the FLRA funding authority to continue FY 1995 programs and activities in FY 1996, but at a level 8.4 percent below the FY 1995 operating level. As a result, the FLRA was subject to a hiring freeze and limits on all but essential program-related travel for the first six weeks of the fiscal year, and was then part of the first Government shutdown in mid-November, 1995.

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. All of the FLRA Subregional Offices have now been closed to reduce overhead expenses and allow for the reallocation of resources to the remaining Regional Offices. The subregional offices in Philadelphia and Cleveland were closed in January 1996, and the subregional offices in New York and Los Angeles were closed at the end of FY 1995.

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. For the fiscal year to date the OIG has managed without the assistance of its GS-9 Inspection Assistant, who has been detailed to assist other FLRA components since July, 1995. Automation and the use of personal computers has permitted OIG personnel to forego traditional secretarial support. Eliminated from the funding for the OIG in FY 1996 were \$15,000 in contract audit funds, leaving the OIG without any funds for contract auditing. Instead of contract funds, the OIG staff was augmented with the senior management analyst, who has already made significant contributions to the mission of the OIG.

AUDIT ACTIVITY

Two reports were issued by the Office of Inspector General during this reporting period: a "Review of the Unfair Labor Practice Hearing and Decision Process" was issued in January, 1996; and, a "Review of the FLRA American Express Travel Card Program" was issued in March, 1996.

The OIG auditor continued the audits of the FLRA Telecommunications System and of the FLRA property inventory systems. These two audits are scheduled for completion prior to September 30, 1996. One management letter was issued on November 6, 1995, relating to the security of passwords used by FLRA employees to gain access to the local area networks. The OIG management analyst participated in an FLRA task force conducting an evaluation of a pilot settlement program initiated by the Chief Administrative Law Judge.

Review of the Unfair Labor Practice Hearing and Decision Process

The purpose of this review was to provide a management tool to evaluate the economy and efficiency of the hearing and decisional processes involving unfair labor practice (ULP) proceedings

within the Office of the Administrative Law Judges (OALJ). The review was based on statistical data provided by the OALJ in the "Status of Production and Operations Trends Report" for the past 5 fiscal years, fiscal years 1991 to 1995, and on data gathered for a previously prepared draft audit report on the same subject.

Seven charts in the report delineate selected case processing data upon which the findings and conclusions are based. These findings are based on an analysis of the Office of Administrative Law Judges case inventory reports for FY 1991 through FY 1995, a selected review of case tracking data, as well as reports on travel and hearings held. Productivity measures were based on the current number of Administrative Law Judges for a given fiscal year, and 50% of the Chief Administrative Law Judge's position. The report also included discussion papers from the previous draft audit report. The discussion papers presented ideas for improving the ULP decisional process through the use of teleconferencing, abbreviated decision processes, and additional productivity measures such as making better use of computers, improving travel arrangements, and scheduling earlier hearing dates.

The review found that the number of new complaints received by the Office of the Administrative Law Judges has decreased by 56% from FY 1991 to FY 1995, and that 84% of all complaints were closed as a result of a settlement agreement or a withdrawal. The number of complaints resolved with an ALJ recommended decision and order as a percent of total closures has increased from 12.5% in 1991 to 22% in 1995, and of the complaints closed with an ALJ recommended decision and order, 38% were closed by the Authority procedurally.

The review also found that ALJ productivity measured by the number of hearings held annually by an ALJ is 11.5%. The average median processing time from issuance of a complaint to the issuance of an ALJ decision and order was found to have increased from 284 days in 1991, to 323 days in 1995, while the workload decreased by 56% during the same period. The report concluded that productivity measures and processing goals could be developed to assist management in evaluating office productivity and in decreasing the overall processing time of ULP cases from receipt of complaint to closure by the OALJ.

The review also concluded that resource allocation issues were presented by the decreasing workload and the potential impact of a series of policy initiatives undertaken by the OALJ and the Office of General Counsel in FY 1995 to resolve ULP charges and complaints in a more timely and efficient manner. These issues include determining whether the vacancy created by the retirement of an ALJ in December, 1995, should be filled; and whether a 3-year management plan should be developed by the Chief

Administrative Law Judge based on a projected decreasing workload and a projected increase in informal settlements prior to assigning cases to ALJs.

Finally, the review concluded that consideration should be given to integrating the Authority and the OALJ case tracking systems and developing reports to monitor the accuracy of the data recorded into the systems. These refinements to the case tracking system would assist the Chief Administrative Law Judge to monitor and manage the workload of the OALJ.

Review of the FLRA American Express Travel Card Program

This review was undertaken at the request of Congressman William Clinger, Jr., Chairman of the House Committee on Government Reform and Oversight. The review focused on the period April, 1995, through September, 1995, and found that during the last half of Fiscal Year 1995, FLRA employees made 1160 charges for a total of \$137,661.36.

Unauthorized charges during this period fell into two categories. First, several employees used their Government Cards to charge official purchases for which they were later reimbursed, but such usage occurred when they were not in official travel status away from their official duty station. While this does not constitute personal use of the Government Card, such usage is nonetheless a technical violation of the terms of the American Express agreement. There were 7 charges in this category for a total of \$994.77. This represents .6% of the charges in this period and .7% of the amount charged during the period.

A second category involved employees who used the Government Card for personal charges. These charges are violations of the agreement with American Express and the GSA regulation governing the use of the card. During the 6 month period, four employees made a total of five personal charges. The charges totaled \$299.45. Given the small percentage of misuse, personal use of the card was determined not to be a significant problem in the FLRA's Government Card Program. Moreover, American Express was paid for all of the personal charges by the employees who incurred the charges, and neither the FLRA nor the taxpayer has paid any portion of those charges.

During the last 6 months of Fiscal Year 1995, the accounts of 16 FLRA employees remained unpaid after 60 days. During the 6 month period, 114 employees used their cards. Therefore, the 16 delinquencies represented a delinquency rate of 14%. Of the 16, however, 14 paid their outstanding balances before the next monthly report and were therefore not reported as delinquent in the next monthly report. Two employees had balances that

remained unpaid after 120 days and the Government cards for each was canceled by American Express. One of these employees paid her account in full before the date of the OIG report.

The OIG report recommended that FLRA management issue specific guidance to employees regarding the use of the American Express Government Card. The report also recommended that the list of American Express Government cardholders be reviewed periodically to insure that only those employees having a need for the cards are issued cards, and to delete the names of non-employees and former employees. Finally, the report recommended that employee payment histories be reviewed periodically to insure that employees are applying voucher proceeds to the payment of their American Express Government card bills in a timely manner, and that employees who are seriously delinquent in payments to American Express be contacted in an effort to resolve any payment problems.

Management Letter: "LAN Password Security"

During informal periodic testing of the agency's local area network (LAN) security, the OIG found a security deficiency in the LAN network software. The deficiency involved the LAN log-in program, which permitted the log-in passwords of LAN users to be stored in individual computer memory as users log onto the network. As a result, each user's LAN password could be easily retrieved from the user's computer by anyone with access to the workstation.

After issuance of the OIG letter, FLRA management notified the network software company of the deficiency. The company informed management that it would develop a revision (a patch) to fix the problem. In addition, shortly after the management letter was issued, the OIG auditor developed an interim computer program to correct the problem, and management installed the program on the agency network to prevent the compromise of passwords. The software company has yet to develop a permanent revision.

Evaluation of the Settlement Judge Pilot Project

On April 24, 1995, the Authority announced the initiation of a pilot project 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 is designed to supplement, rather than supplant, settlement techniques traditionally used by the FLRA and its judges.

Six months was established as the evaluation period for the study. The six month evaluation period encompassed June 15, 1995, the date the program was initiated, to December 15, 1995.

The OIG Management Analyst assisted in evaluating the first six months of the pilot project. As the settlement judge pilot program was completely voluntary, it was determined that participant response would be necessary for an accurate evaluation of the program. A questionnaire was developed with input from four component offices of the Authority, including the Office of the Inspector General, and the questionnaire was mailed to a total of 105 participants or representatives identified with 56 cases completed during the evaluation period.

Preliminary results of the evaluation indicate that the expanded use of settlement judges is an effective means of resolving workplace disputes. Data indicates that there was a 14.3% increase in settlements as a percent of total number of cases closed during the six month evaluation period as compared with the same period of time in 1994. The OIG Management Analyst is preparing a final report which details the specific findings of the evaluation of the pilot project.

INVESTIGATIVE ACTIVITY

During this period, four complaints were received by the OIG, all of which have been closed. Two of the complaints were referred to the Offices of Inspector General at other Federal agencies, and one complaint was closed after the complainant indicated that he did not wish to pursue his complaint. The final complaint was closed after a preliminary inquiry failed to corroborate the complaint.

Two investigations remain open pending the completion of the Inspector General audit of the FLRA inventory process. Both of the investigations involve missing computer items.

The Inspector General also conducted a preliminary inquiry of a matter involving an FLRA employee to determine whether additional action was warranted. The results of the preliminary inquiry were discussed with the employee's supervisor and the decision was made to conduct no further investigation of the matter.

OTHER OIG ACTIVITY

The Executive Council on Integrity and Efficiency (ECIE) was established by executive order in 1992 to coordinate and implement Government-wide activities to combat fraud, waste and abuse in Federal programs and operations. The FLRA's Inspector General is a member of the ECIE and participates in activities and monthly meetings conducted by that organization.

The Inspector General commented on several matters of interest to FLRA management during this reporting period. Written comments were submitted regarding the OMB regulation implementing the new Paperwork Reduction Act, both of which became effective on October 1, 1995. Comments were also submitted on a proposed revision of an internal FLRA instruction implementing the Paperwork Reduction Act. The Inspector General also submitted comments on a draft internal FLRA instruction implementing the revised OMB Circular A-123 and the Federal Managers Financial Integrity Act (FMFIA).

The Inspector General and his staff met with an FLRA Task Force studying the process to resolve ULP complaints, and briefed the Task Force on relevant findings and recommendations in OIG reports. The Inspector General participated with agency management in developing an FLRA strategic plan as required by the Government Performance and Results Act (GPRA), and submitted a detailed action plan of OIG audits and reviews which will assist the FLRA in achieving the goals and objectives set forth in the draft strategic plan.

The Inspector General also commented on FLRA plans to contract out the processing of travel vouchers, and the Inspector General 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.

No significant problems, abuses, or deficiencies were reported.

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).

No recommendations were made.

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.*

No audit reports were issued by the OIG during the reporting period.

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

No audit reports were issued by the OIG during the reporting period. OIG audit activity during the reporting period 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.

During this reporting period the Office of Inspector General did not issue any reports with questioned costs as indicated in Table I.

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. | 0 | 0 | 0 |
| C. For which a management decision was made during the reporting period. | 0 | 0 | 0 |
| (I) dollar value of disallowed costs. | 0 | 0 | 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 |

During this reporting period the Office of Inspector General did not issue any reports which recommended that funds be put to better use as indicated in Table II.

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. | 0 | 0 |
| C. For which a management decision was made during the reporting period. | 0 | 0 |
| (I) dollar value of recommendations that were agreed to by management. | 0 | 0 |
| (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:

**FLRA's
Office of the Inspector General**

**HOTLINE
800-331-FLRA
(800-331-3572)**

Toll Free 24 Hour Answering Service

or write

**FLRA
Office of the Inspector General
P.O. Box 27488
Washington, D.C. 20038-7488**

**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.**