



FEDERAL LABOR RELATIONS AUTHORITY
OFFICE OF INSPECTOR GENERAL

SEMIANNUAL REPORT
TO THE CONGRESS

April 1, 1997
to
September 30, 1997



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

WASHINGTON, D.C. 20424

DATE: October 31, 1997

TO: Phyllis N. Segal
Chair

FROM: William R. Wobey
Acting 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 sixteenth 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, 1997, through September 30, 1997.

Attachment

CONTENTS

EXECUTIVE SUMMARY	1
THE FEDERAL LABOR RELATIONS AUTHORITY	2
FLRA MISSION STATEMENT.	4
OFFICE OF INSPECTOR GENERAL	4
OIG MISSION STATEMENT.	5
AUDIT ACTIVITY	6
INVESTIGATIVE ACTIVITY	6
OTHER OIG ACTIVITY	8
SPECIFIC REPORTING REQUIREMENTS OF THE INSPECTOR GENERAL ACT OF 1978, AS AMENDED	9
TABLE I: OIG AUDIT REPORTS WITH QUESTIONED COSTS	10
TABLE II: OIG AUDIT REPORTS WITH RECOMMENDATIONS THAT FUNDS BE PUT TO BETTER USE	11
GLOSSARY	12

EXECUTIVE SUMMARY

This is the sixteenth semiannual report issued by the Office of 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, 1997 through September 30, 1997.

Audit Activity

Audit activity focused on work to complete the telecommunications audit, with a draft for exit conference purposes in preparation at the end of the reporting period. Audit followup work was conducted regarding the implementation of recommendations contained in OIG Audit Report 96-01 on Personal Property Management at the FLRA. The OIG was advised in this regard that management was in the process of implementing two recommendations from the audit, including one with which management had previously disagreed.

Investigative Activity

During this period, the OIG received twenty complaints or allegations, three of which resulted in investigations either by the OIG or, on referral, by the Federal Protective Service (FPS). All three involved the theft of agency property. Of the two investigations opened by the OIG, one was closed during the reporting period with the arrest of a suspect. That case, involving stolen government and personal credit cards and a former agency employee, was referred to and accepted by the U.S. Attorney's Office for prosecution. The other two investigations remain open.

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 that 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 cases based on complaints prosecuted by the FLRA's General Counsel, on charges filed by agencies and unions (and sometimes, but less frequently, individuals). (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 Matters*: The Authority decides cases filed by agencies and unions (and sometimes, but rarely, individuals) involving a variety of representation matters, including cases concerning 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. It is 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 ULP 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 was budgeted approximately 216 full-time equivalents (FTE's) for fiscal year 1997, compared with 210 FTE's in FY 1996, and 219 FTE's used in FY 1995. The FLRA had a FY 1997 appropriation of \$21,588,000, which was \$451,000 less than requested in the FLRA Congressional budget submission. The appropriation represents an increase from the FY 1996 appropriation of \$20,515,000, and from the FY 1995 appropriation of \$21,298,000. For FY 1998, the FLRA was appropriated \$22,039,000 to fully fund the same number of FTE's as in FY 1997 as well as provide for the increased cost of statutory pay raises.

The FLRA's headquarters is located in Washington, D.C. The FLRA 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 four goals:

1. To consistently provide high quality services that timely resolve disputes in the Federal labor-management relations community.
2. To create savings by effectively using and promoting multiple methods to constructively resolve disputes in the Federal sector workplace.
3. To maintain FLRA's internal systems and processes that support a continually improving, highly effective and efficient organization with the flexibility to meet program needs.
4. To develop FLRA's human resources to ensure a continually improving, highly effective and efficient organization with the flexibility to meet program needs.

OFFICE OF INSPECTOR GENERAL

The FLRA'S Office of 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 OIG is currently staffed at two positions. The position of Assistant Inspector General for Program Analysis was eliminated on September 3 and that employee was involuntarily separated on that date. The Inspector General, who was appointed during May of 1995, transferred to the FCC's Office of Inspector General on July 19. The Deputy Solicitor of the agency has been appointed as the Acting Inspector General until a permanent Inspector General is selected from a vacancy announcement that closed on October 15.

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 the OIG's 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:

- To evaluate the efficiency, economy, legality, and effectiveness with which FLRA components carry out their financial management and program responsibilities.
- 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.
- To use investigations and other reviews to increase Government integrity and recommend improved systems to prevent fraud, waste, and abuse.

AUDIT ACTIVITY

Audit activity this period centered on work to complete the Telecommunications audit. A draft for exit conference purposes is being prepared. The auditor also spent a significant amount of time during this period assisting in investigations. Followup of the significant and nonconcurrent-with recommendations from the prior Property Audit also consumed some of the office's time.

Prior Significant Recommendation

The significant recommendation from the "Personal Property Management" audit report outstanding from the last semiannual period is currently in the process of implementation. The Inspector General had recommended that the Director of the Administrative Services Division review and sign the property specialist's property deletion listing, which includes all property transfers, disposals, and adjusting entries. Upon the closing of the fiscal year, the deletion listing has been generated and is currently being reviewed by the Division Director.

Revised Management Decision

In the "Personal Property Management" audit, the Inspector General had recommended that access to the password to the property database by the agency's computer staff be eliminated. Management initially disagreed with this recommendation, but reversed its position during this reporting period. The database program contractor is currently in the process of encrypting the password file.

INVESTIGATIVE ACTIVITY

During this period, the OIG received 20 complaints or allegations. The OIG received these complaints or allegations primarily from hotline calls and other sources such as mailed letters and documents and notifications from management. Eleven of the complainants or allegations were referred to other agencies having jurisdiction over the matters. Three complainants with possible ULP issues were directed to the appropriate FLRA regional offices. Two complaints, one internal and one external, were withdrawn. The external complaint involved a denied ULP charge with an anticipated appeal. A complaint that an FLRA regional office mishandled certain ULP charges was closed after a preliminary inquiry indicated no

substance to the complaint and no improper action by any FLRA employee.

The remaining three complaints consisted of notifications by management of agency property thefts involving two credit cards, two desktop computers, and two portable printers, respectively. The portable printers (one government and one personal) were located at the Atlanta Regional Office and the theft (apparently, occurring overnight) was reported to the FPS in Atlanta for investigation. The Atlanta region is awaiting a copy of the FPS report. Investigation cases were opened by the OIG for the first two thefts. The status of each of these cases is as follows:

Credit Card Thefts

During the month of April 1997, a government travel credit card assigned to a former employee was stolen at the agency's Washington D.C. headquarters office and was used at an area hotel and at several gas stations. In addition, a personal credit card belonging to a current employee was stolen and used at a different area hotel. The OIG investigation identified a suspect in both thefts. The suspect, an agency employee, subsequently resigned. Assisting the OIG in its investigation was a Federal Protection Service (FPS) officer who obtained an arrest warrant. The suspect was arrested on July 28 and was charged with a misdemeanor theft. The matter is now in the hands of the U.S. Attorney's Office.

Management Letter (June 24) Re: Credit Card Thefts and Security

Upon completing the investigation involving the thefts of the credit cards, the Inspector General issued a management letter identifying weak security controls associated with the thefts. The Inspector General made recommendations in five areas to improve security over credit cards as well as employee ID cards. Management responded to the Inspector General in a September 8 letter which detailed actions it took to implement the recommendations.

In August management revised its employee clearance checklist to include an instruction that credit cards and ID credentials of exiting employees should be cut up as soon as they are turned in. Management has also procured a new ID card supply of sequentially numbered cards and has strengthened its ID card logging procedures. In addition, management has reemphasized employee awareness that valuables should be secured in lockable facilities and that such facilities should be requested if none are available.

Computer (CPU) Thefts

On August 21, two CPUs were stolen from the headquarters building loading dock area. They were part of a shipment of seven CPUs and seven monitors. Investigation of this theft is being conducted primarily by the FPS's Criminal Division with assistance from the OIG. The investigation is continuing.

Other Matters

On July 22, the agency received correspondence containing a vague threat to society in general. Within a couple of weeks, the agency received another letter from the same source containing an enemies list of ten first names, none of which could be specifically associated with any FLRA employee. The Inspector General forwarded copies of both pieces of correspondence to the FPS for their review and comparison with any similar correspondence that they may have received from other sources. The Inspector General has not received any return communications from the FPS.

A prior investigation involving theft of computer parts during August 1995 remains unresolved.

OTHER OIG ACTIVITY

ECIE

The Inspector General or his representative continued to attend meetings of the Executive Council on Integrity and Efficiency (ECIE).

Cost Study

Due to the elimination of the OIG's management analyst position, the cost study to determine the costs of formal agency case processing activity is being transferred to agency management.

SPECIFIC REPORTING REQUIREMENTS OF THE INSPECTOR GENERAL ACT OF 1978, AS AMENDED

The following provides the report page references containing the Inspector General responses, if any, to specific reporting requirements set forth in certain sections of the Inspector General Act of 1978, as amended.

Section 4(a)(2)	Review of legislation and regulations	None
Section 5(a)(1)	Significant problems, abuses, and deficiencies	Page 7
Section 5(a)(2)	Recommendations with respect to significant problems, abuses, or deficiencies	Page 7
Section 5(a)(3)	Prior significant recommendation on which corrective action has not been completed	Page 6
Section 5(a)(4)	Matters referred to prosecutive authorities	Page 7
Section 5(a)(5)	Summary of instances where information was refused	None
Section 5(a)(6)	List of audit reports	None
Section 5(a)(7)	Summary of significant reports	None
Section 5(a)(8)	Statistical table of reports with questioned costs	Page 10
Section 5(a)(9)	Statistical table of reports with recommendations that funds be put to better use	Page 11
Section 5(a)(10)	Summary of previous audit reports without management decisions	None
Section 5(a)(11)	Significant management decision revised during this period	Page 6
Section 5(a)(12)	Significant management decision with which the Inspector General disagrees	None

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

**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 Inspector General due to:

- UNSUPPORTED COSTS, which involve inadequate documentation.
- DISALLOWED COSTS, which involve an alleged violation concurred with by 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 Inspector General 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 Inspector General is required to follow up and report on the implementation status of all open "significant recommendations" from prior Semiannual reports. The Inspector General 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 Inspector General**

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

Toll Free 24 Hour Answering Service

or write

**FLRA
Office of Inspector General
607 14th Street, N.W.
Suite 240
Washington, D.C. 20424-0001**

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CALLER CAN BE ANONYMOUS**

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

