

**OFFICE OF INSPECTOR GENERAL
FEDERAL LABOR RELATIONS AUTHORITY**

**SEMIANNUAL REPORT
TO THE CONGRESS**



**Covering the period
October 1, 1989 to March 31, 1990**

TABLE OF CONTENTS

Letter of Transmittal	
Executive Summary	1
Part 1 - Introduction	2
The Federal Labor Relations Authority	2
Office of the Inspector General	4
FLRA Organization Chart	6
Part 2 - Audit Activities	7
Part 3 - Investigative Activities	8
Part 4 - Mandated Reporting Information	9

EXECUTIVE SUMMARY

This is the first semiannual report for the Office of Inspector General (OIG). It summarizes the major activities and accomplishments of the Office from October 1, 1989 to March 31, 1990. For this first reporting period, no significant problems, abuses or deficiencies were uncovered relating to the administration of Federal Labor Relations Authority (FLRA) programs and operations.

The FLRA, an independent agency of the Executive Branch, was established in 1978 to administer the Federal Service Labor-Management Relations Statute. The FLRA consists of the Authority, the General Counsel and the Federal Service Impasses Panel. There are a total of 257 employees nationwide. The Chairman of the Authority is the Chief Executive and Administrative Officer. The Inspector General is appointed by and reports to the Chairman.

On September 25, 1989, the then Acting Chairman appointed the first FLRA Inspector General. Throughout the first reporting period, most of the effort of the OIG was directed toward the establishment of an office able to fulfill the requirements of the Inspector General Act amendments of 1988. Prior to the establishment of an Office of Inspector General, audit and investigative activities were carried out primarily by FLRA staff supplemented by contracts with independent public accounting firms (for audit only). It is intended that future audit and investigative work will be carried under the aegis of the OIG in compliance with the authorities and responsibilities set forth in the Inspector General Act of 1978 as amended by P.L. 100-504 of October 1988.

Specific activities have included the establishment of office procedures to allow the OIG to meet appropriate auditing and investigative requirements and standards. A Memorandum of Understanding was implemented between the OIG and the Office of the Solicitor to provide necessary legal advice and assistance. Proposed agency-developed training materials for the Ethics Reform Act and Financial Integrity Act were reviewed. Two (2) OIG audits were begun. Liaison contacts have been developed both within the FLRA, as well as, with members of the President's Council on Integrity and Efficiency, and other appropriate audit and/or investigative organizations.

FLRA management has been fully supportive of all OIG efforts during this reporting period. With the continuation of such support, the OIG should be able to provide to the FLRA and to the Congress, the quality and quantity of activities and services envisioned by the Inspector General Act of 1978 as amended.

PART I - INTRODUCTION

The Federal Labor Relations Authority

The Federal Labor Relations Authority was established to administer Title VII of the Civil Service Reform Act of 1978 the Federal Service Labor-Management Relations Statute, 5 §§ U.S.C. 7101-7135. In addition, the FLRA provides full support to the Foreign Service Labor Relations Board in connection with the implementation of Chapter 10 of the Foreign Service Act of 1980.

To accomplish this mandate, the FLRA serves as a third-party neutral in the resolution of labor-management disputes arising among unions, employees, and Federal agencies. The effective resolution of such disputes has an important impact on the operations of the Government inasmuch as disputes have arisen in nearly all agencies of the Executive Branch, the Library of Congress, and the Government Printing Office. Agencies within the purview of those Acts administered by the FLRA are located throughout the United States as well as abroad. Further, the FLRA is charged with resolution of labor-management disputes among all employees of the Panama Canal area whether United States or foreign national. In fiscal year 1989, the FLRA received an appropriation of \$17,500,000 with 261 permanent positions to administer the various statutory requirements.

The Authority (including the Chairman and two Members) provides leadership in establishing policies and guidance relating to labor-management relations in the Federal sector. Specifically, the Authority is empowered to: (1) determine the appropriateness of units for labor organization representation; (2) supervise or conduct elections to determine whether a labor organization has been selected as an exclusive representative by a majority of the employees in an appropriate unit; (3) otherwise administer the provisions relating to the according of exclusive recognition to labor organizations; (4) prescribe criteria and resolve issues relating to the granting of national consultation rights with respect to conditions of employment; (5) resolve issues relating to determining compelling need for agency rules and regulations; (6) resolve issues relating to the duty to bargain in good faith; (7) conduct hearings and resolve complaints of unfair labor practices; (8) resolve exceptions to arbitrators' awards; and (9) take such other actions as necessary and appropriate to effectively administer the provisions of Title VII of the Civil Service Reform Act of 1978.

The General Counsel and the Regional Directors have responsibilities which are set forth in the Federal Service Labor-Management Relations Statute and responsibilities which have been delegated by the Authority.

The General Counsel has statutory responsibility to (1) investigate alleged unfair labor practices arising under the Statute and the Foreign Service Act of 1980, and (2) file and prosecute unfair labor practice complaints arising under those statutes. The General Counsel reviews and decides all appeals of decisions of Regional Directors not to issue unfair labor practice complaints. The Statute also provides the General Counsel with direct authority over and responsibility for all employees in the Office of the General Counsel, including employees of the General Counsel in the Authority's regional offices. Regional Offices are located in Boston, New York, Washington, D.C., Atlanta, Chicago, Dallas, Denver, Los Angeles, and San Francisco. Subregional offices are located in Philadelphia and Cleveland.

Regional Directors are appointed by the Authority. In addition to their responsibilities to investigate and prosecute unfair labor practice complaints, Regional Directors have been delegated authority by the FLRA to (1) determine whether a group of employees constitutes an appropriate bargaining unit; (2) conduct investigations and provide hearings in representation matters; (3) determine whether a question of representation exists, and direct elections; and (4) supervise or conduct secret ballot elections and certify the results of those elections. Applications for review of Regional Director decisions in representation matters may be filed with the Authority.

The Federal Service Impasses Panel (FSIP), an entity within the FLRA, assists Federal agencies and unions representing Federal employees in resolving impasses which arise in labor negotiations. The FSIP uses a variety of techniques to assist the parties, including informal meetings, factfinding and, where appropriate, arbitration. The professional staff aids the FSIP members by promptly investigating requests for assistance, bringing about informal settlements, conducting factfinding and arbitration hearings, and drafting reports and recommendations, as well as, binding decisions for the FSIP members. Further, the staff supports the Foreign Service Impasse Disputes Panel in resolving negotiation impasses arising under the Foreign Service Act of 1980. An organization chart is shown on page 6.

Office of the Inspector General

The Inspector General Act Amendments of 1988 required 33 designated Federal entities, including the FLRA, to establish an Office of Inspector General. Such an office was formally established on March 24, 1989. On September 25, 1989, the FLRA's first Inspector General was appointed to this position. The Inspector General reports directly to and is under the nominal supervision of the Chairman of the FLRA.

Prior to the implementation of the law, the Authority did not have an internal audit or investigative office. All audit functions had been performed under contract with a public accounting firm. Internal investigative activities, if required, were generally performed by FLRA management staff or, if appropriate, referred to other agencies with law enforcement authority.

As set forth in the Inspector General Act Amendments of 1988, the Inspector General is responsible for directing and carrying out all audits and investigations relating to Authority programs and operations; and for recommending and commenting on proposed legislation, regulations, and procedures as to their economy, efficiency and effectiveness. It is important to note that the principle mission of the FLRA is adjudicatory and investigative in nature. The FLRA does not administer grants and entitlement programs as do many other agencies and entities with statutory Inspectors General. Accordingly, the investigations and audits which will be conducted by the FLRA's Inspector General will be directed primarily toward improving program management and operation; ensuring the integrity of the various adjudicative, investigative and dispute resolution processes; and identifying and preventing fraud or misuse of agency assets by employees or contractors.

In order to enhance the activities and operations of the OIG, a number of Memoranda of Understanding (MOU) were, or are in the process of being, executed with the following:

Office of the Solicitor:

This MOU executed in February 1990, established the procedures for the provision of independent legal advice and counsel to the OIG by the Office of the Solicitor.

PERSONNEL DIVISION/Office of Administration:

This MOU will provide guidelines on the relationship necessary to execute the OIG's independent personnel authority while utilizing the expertise of the Personnel Division staff.

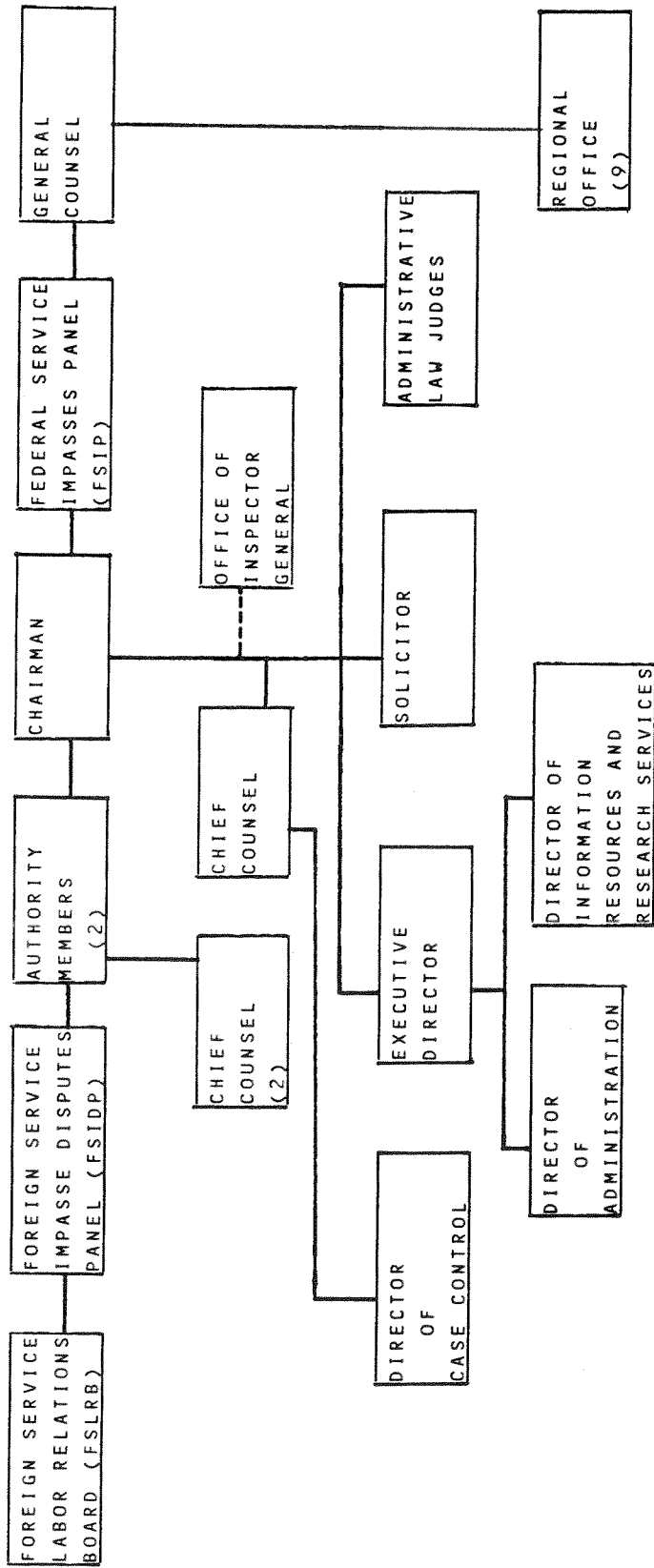
**BUDGET AND ADMINISTRATIVE SERVICES
DIVISION/Office of Administration:**

This MOU will establish the necessary budget, and accounting procedures and controls necessary to execute the OIG's independent budget authority.

These agreements recognize the independence of the Inspector General, while providing the OIG with the means to obtain competent and timely budget, legal, and personnel services and support.

To date, audit services have largely been obtained through either contract auditors from a public accounting firm or liaison with other offices of Inspectors General. Necessary internal investigative activities have been dealt with by this Office.

ORGANIZATIONAL CHART



PART II - AUDIT ACTIVITIES

One of the first efforts of the Inspector General was to develop and prepare an Audit Universe for the Federal Labor Relations Authority. At the same time, a realistic Audit Plan for FY-90 was developed. Two audits were begun during the reporting period. They are:

- (1) Audit of the Authority's Imprest Fund.
- (2) Audit of the Authority's Nonexpendable Personal Property Management Program.

Prior to the establishment of the OIG, the Authority had arranged for a public accounting firm to audit the FY 1987 and FY 1988 FLRA financial statements. In addition, arrangements had also been made for a similar audit for the FY 1989 financial statements. It is anticipated that such audits will in the future, be conducted under the auspices of the OIG.

The auditors reported that:

The Authority's general purpose financial statements as of September 30, 1987 and September 30, 1988, present fairly, in all material respects, the financial position of the Authority on those dates, and the results of its operations for the years then ended.

For the year ended September 30, 1987, four (4) weaknesses in internal controls were noted.

- (1) Journal vouchers had not been prepared during FY-87. As a result, audit trails were inadequate when adjustments were made to original entries of the payroll/personnel/procurement systems.
- (2) Equipment and property inventory listings were incomplete and did not contain a depreciation schedule.
- (3) The possibility of errors in the computation of the net pay of employees existed, as there was an inadequate system of spot verification.

- (4) Some inaccuracies were found in the recordation of leave and regular work hours in the payroll system.

For the year ended September 30, 1988, it was noted that the above four (4) weaknesses had been corrected. However, it was recommended that automation for accounting schedules and spreadsheets should be pursued and utilized where feasible. In addition, procedures for capitalization and depreciation of Nonexpendable Personal Property should be improved.

No instances of fraud, waste or abuse of Government assets as a result of the lack of internal controls were noted.

No audits were completed by the OIG during this reporting period.

PART III - INVESTIGATIVE ACTIVITIES

An investigation of limited scope was undertaken during this reporting period. The information initially received by this office alleged possible EEO or personnel discrimination. Investigation neither confirmed nor refuted such information. It was determined, however, that such a situation could be best addressed by agency EEO or administrative grievance system. No other action was taken by this Office.

PART IV - MANDATED REPORTING INFORMATION

Section 5(a) of the IG Act requires certain information and statistics to be included in the semiannual report. As indicated, the OIG has no significant issues to report.

- Based on the activities of this Office during the reporting period, no significant problems, abuses or deficiencies relating to the administration of programs and operations have been identified.
- As this is the first semiannual report of the Office of Inspector General, there are no significant recommendations which have been previously described in earlier semiannual reports and on which corrective action has not been completed.
- No matters were referred to prosecutive authorities.
- No audit reports have been issued so there are no recommendations or statistical tables on either questioned costs or funds that could be put to better use.
- There were no OIG reports 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.
- No significant management decisions were revised during this reporting period, the OIG has no disagreement with any significant management decision made during this semiannual reporting period.

