



Office of Inspector General

46th SEMI-ANNUAL REPORT TO CONGRESS
APRIL 1, 2011 – SEPTEMBER 30, 2011

OCTOBER 2011

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EXECUTIVE SUMMARY

This is the 46th Semiannual Report issued by the Office of Inspector General (OIG) of the Federal Labor Relations Authority (FLRA). This report, submitted pursuant to Section 5 of the Inspector General Act of 1978, as amended, summarizes the major activities and accomplishments of the FLRA OIG for the period April 1, 2011 to September 30, 2011. The most significant activities of the OIG during the second half of Fiscal Year (FY) 2011 are noted below. Additional details pertaining to each activity can be found in subsequent sections of this report.

During the period covered by this report, the OIG initiated the annual audit of the FLRA's FY 2011 Financial Statements (AR-12-01); and the FLRA's Federal Information Security Management Act Evaluation 2011 (ER-12-01) compliance reviews. Also, during the semiannual reporting period, the Appalachian Regional Commission OIG completed a peer review of the FLRA OIG and issued a report. The FLRA OIG received a rating of pass on its system of quality controls.

The FLRA Inspector General received 43 complaints and 5 Freedom of Information Act (FOIA) requests in FY 2011. Of the 43 complaints received, the OIG resolved 21 of the complaints, referred 18 to other OIGs, and forwarded 3 to other FLRA offices. The OIG has one open investigation (IR-11-01) as of the close of this reporting period.

FEDERAL LABOR RELATIONS AUTHORITY OVERVIEW

MISSION

The mission of the FLRA is to carry out the five primary statutory responsibilities as efficiently as possible and in a matter that gives full effect to the rights afforded employees and agencies under the *Federal Service Labor-Management Relations Statute* (the Statute). Under the Statute, the primary responsibilities (type of cases) of the FLRA include:

- (1) Determining the appropriateness of units for labor organization representation (REP);
- (2) Adjudicating exceptions to arbitrator's awards (ARB);
- (3) Resolving complaints of unfair labor practices (ULP);
- (4) Resolving bargaining impasses; and
- (5) Resolving issues relating to the duty to bargain (NEG).

ORGANIZATION

The FLRA conducts its case processing activities through:

- The Office of the General Counsel (OGC) of the Authority – led by the General Counsel, who is appointed by the President and confirmed by the Senate – which, through regional offices, is the entry point for ULP charges filed with the FLRA. The OGC also processes REP petitions filed with the FLRA and decides appeals of Regional Directors' decisions dismissing ULP charges.
- The Office of Administrative Law Judges is the office in which judges appointed by the Authority conduct administrative hearings and issue recommended decisions in cases involving alleged ULPs and issue decisions involving applications for attorney fees under the *Back Pay Act* or the *Equal Access to Justice Act*.
- The Authority is a quasi-judicial body (with three full-time Members --one of which serves as the FLRA Chairman-- appointed by the President and

confirmed by the Senate), that resolves appeals in ULP and REP cases and adjudicates exceptions to ARB awards and NEG appeals.

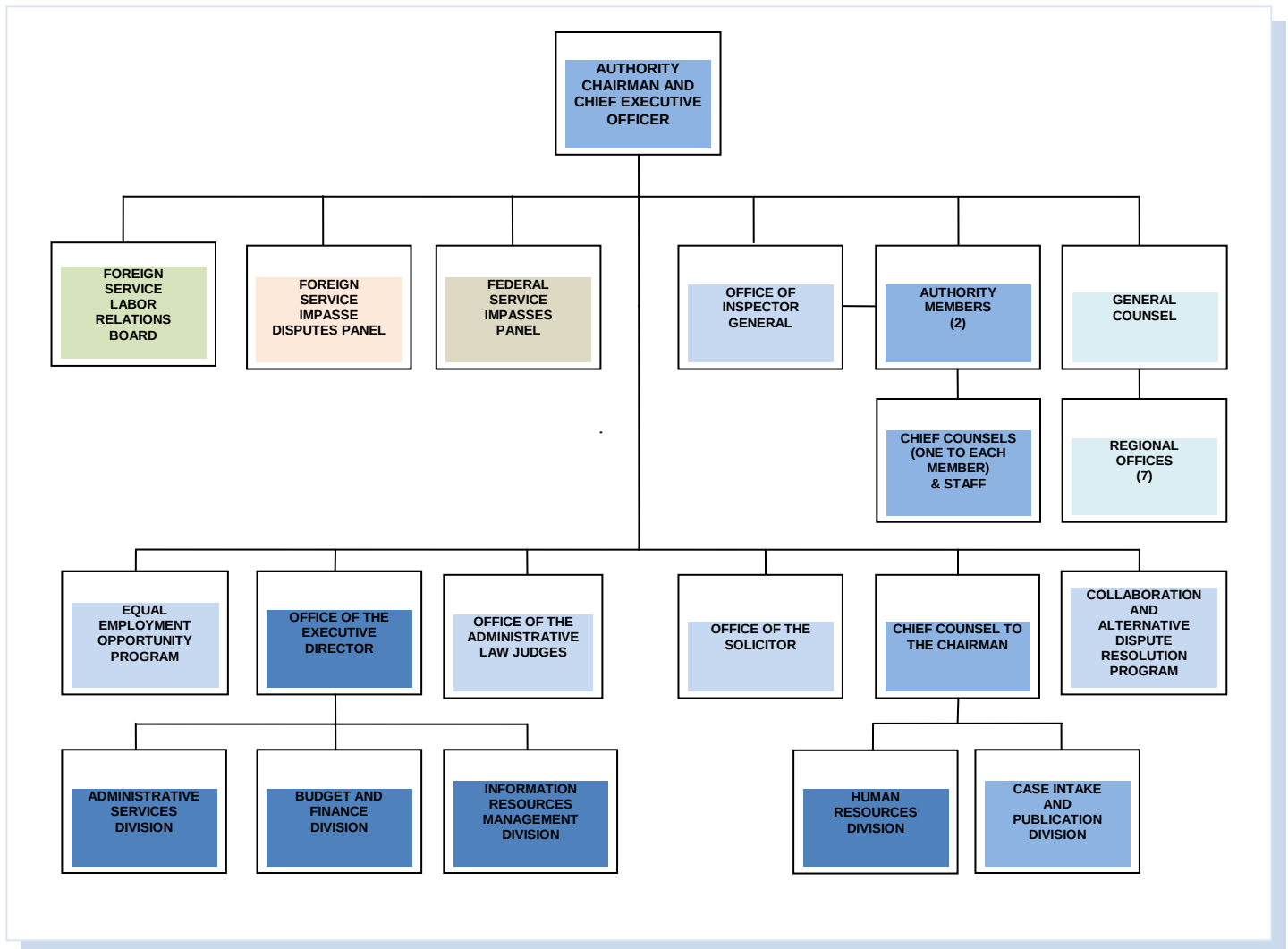
- The Federal Service Impasses Panel, which consists of seven part-time members appointed by the President (without Senate confirmation), resolves impasses between Federal agencies and unions representing Federal employees under the Statute and the Federal Employees Flexible and Compressed Work Schedules Act.
- The FLRA also provides full staff support to two other entities: the Foreign Service Impasse Disputes Panel and the Foreign Service Labor Relations Board (FSLRB).

The Chairman is the head of the Agency and also serves as FLRA's Chief Executive and Administrative Officer, [and] overseeing all agency-wide administrative functions.

In carrying out statutory responsibilities, the Chairman oversees the following offices:

- The *Office of the Executive Director*, which provides agency-wide operational support through the following divisions: Budget and Finance, Administrative Services, and Information Resources Management.
- The *Office of the Solicitor*, which represents the agency in court proceedings before all United States Courts and provides the Chairman legal advice on various legal issues.
- The *Office of Human Resources*, which is responsible for providing agency-wide Human Resource services, and leading human capital management efforts pursuant to the FLRA Strategic Plan.

ORGANIZATION CHART



OFFICE OF INSPECTOR GENERAL

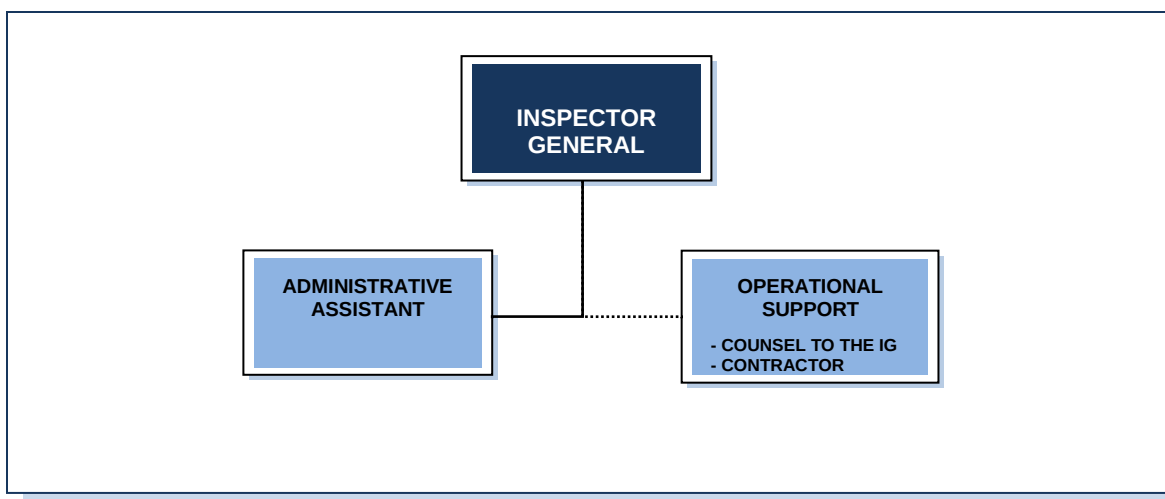
The Inspector General Act of 1978, as amended (hereafter referred to as the IG Act), requires the FLRA and other small agencies to establish an OIG. FLRA is a designated Federal entity under the IG Act of 1978, as amended. The Dodd-Frank Wall Street Reform and Consumer Protection Act (P.L. 111-203) altered the relationship of the designated Federal entity Offices of Inspector General with the agency head by establishing that the term “head of the designated Federal entity” for FLRA “means the members of the Authority.” In accordance with the Dodd-Frank Act, instead of reporting to the Chairman as we have in the past, we submit this report to the Chairman and to Authority Members.

The FLRA OIG is responsible for:

- (1) conducting and supervising audits and investigations relating to FLRA programs and operations;
- (2) reviewing legislation;
- (3) recommending policies designed to promote economy, efficiency, and effectiveness of the establishment; and
- (4) keeping the Chairman, Authority Members and Congress fully and currently informed about problems and deficiencies, as well as the necessity for corrective actions.

To aid the OIG in accomplishing its mission, the OIG was provided an IG and an administrative assistant.

ORGANIZATION CHART



OFFICE OF INSPECTOR GENERAL ACTIVITY

AUDITS AND EVALUATIONS

In accordance with the IG Act, the FLRA OIG conducts, supervised and coordinates audits and evaluation relating to the programs and operations of the FLRA.

ONGOING AUDITS AND EVALUATIONS

One audit and one evaluation are ongoing at the close of the reporting period:

- (1) Financial Statement Audit of the Federal Labor Relations Authority for Fiscal Year 2011 (AR-12-01); and
- (2) Evaluation of the Federal Labor Relations Authority Compliance with the Federal Information Security Management Act Fiscal Year 2011 (ER-12-01).

These engagements are planned to be completed in the first half of FY 2012 and the results will be included in the next seminannual report.

INVESTIGATIONS

The FLRA OIG receives and investigates allegations of fraud, waste, abuse and misconduct within FLRA programs and operations. The FLRA OIG investigations can give rise to administrative, civil and criminal penalties. Based on investigations conducted, the FLRA IG issues a report that sets forth the allegations and an objective description of the facts to FLRA management regarding administrative and civil matters. Investigations which uncover potential criminal activity are referred to the Department of Justice. As of the end of the semiannual reporting period, there is one open investigation relating to timekeeping and attendance.

Timekeeping and Attendance (IR-11-01)

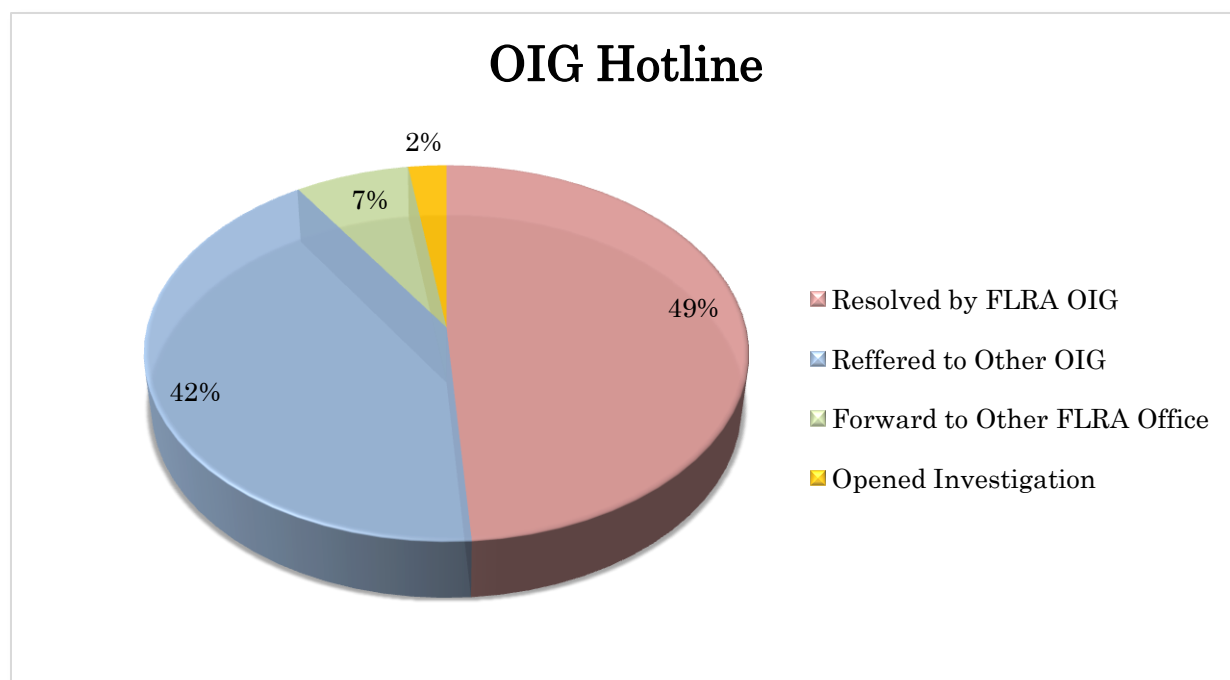
This investigation was predicated upon allegations of fraud, waste and abuse by FLRA staff relative to timekeeping, attendance and reporting practices. The allegations were submitted anonymously to the OIG Hotline. The Assistant U.S. Attorney declined criminal prosecution.

This investigation has been completed and the results have been forwarded to management and the Authority for action.

OIG HOTLINE

In order to facilitate reporting of allegations, FLRA OIG maintains a hotline (see “Contacting the Office of Inspector General”). Callers who have general questions or concerns that do not fall within the OIG’s jurisdiction are referred to other entities, such as other FLRA offices, Federal agencies and local or state governments.

During FY 2011, we received 43 hotline complaints. The OIG resolved 21 of the complaints, referred 18 to other OIGs, forwarded 3 to other FLRA offices and opened one investigation.



OTHER ACTIVITIES

REGULATORY REVIEW

Section 4(a)(2) of the Inspector General Act of 1978, as amended, requires the OIG to review existing and proposed legislation and regulations relating to FLRA programs and operations of FLRA. During this reporting period the OIG did not review any legislation and regulations relating to FLRA.

PEER REVIEW

Offices of Inspector General performing audits are required to perform (and undergo) reviews of other OIG offices on a 3-year cycle. Peer reviews are conducted

of an OIG audit organization's system of quality control in accordance with the Council of Inspectors General on Integrity and Efficiency (CIGIE) Guide for Conducting External Peer Reviews of the Audit Organizations of Federal Offices of Inspector General, based on requirements in the Government Auditing Standards (Yellow Book). Federal audit organizations can receive a rating of pass, pass with deficiencies, or fail.

Section 989C of the Dodd-Frank Wall Street and Consumer Protection Act of 2010, contains additional semiannual reporting requirements pertaining to peer review reports. Federal Inspectors General are required to engage in peer review processes related to audit operations. In keeping with Section 989C, our office is reporting the following information related to its peer review activities. These activities cover our role as both the reviewed, and the reviewing OIG.

Peer Review Conducted on FLRA OIG Audit Operations

The Appalachian Regional Commission OIG completed a peer review of the FLRA OIG and issued a report (OIG 11-04) on its system of quality controls on June 9, 2011. The peer review was conducted for the period of August 2010 through May 2011; consistent with the period of which the new FLRA IG became responsible for the office. The report has a rating of pass, and it is available at the FLRA OIG website for further information http://www.flra.gov/webfm_send/505.

Peer Review Planned on FLRA OIG Audit Operations

The FLRA OIG is not currently schedule for a peer review. The next peer review to be conducted on the FLRA's OIG system of quality controls is projected for FY 2014.

Peer Review to be Conducted by FLRA OIG on Other OIG Audit Operations

The FLRA is scheduled to perform a peer review of the Election Assistance Commission OIG in FY 2012.

MEMORANDUM OF UNDERSTANDING

In accordance with Section 6 of the Inspector General Reform Act of 2008, each Inspector General shall have his or her own (not reporting to agency management) legal counsel, or obtain the services of a counsel appointed by and directly reporting to another Inspector General or CIGIE on a reimbursable basis. The OIG signed a Memorandum of Understanding with the Department of Treasury OIG to provide legal services on a fiscal-year basis.

LIAISON ACTIVITIES

The FLRA IG is a member of the CIGIE, which was established on October 14, 2008, pursuant to the Inspector General Reform Act of 2008. Additionally, the FLRA IG is a member of the Inspection and Evaluation Committee.

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

The reporting requirements of the Inspector General Act of 1978, as amended, are listed in the following table along with the location of the required information. The word “None” appears where there is no data to report under a particular requirement.

REFERENCE	REPORTING REQUIREMENT	PAGE
Section 4(a)(2)	Review of legislation and regulations	p. 8
Section 5(a)(1)	Significant problems, abuses, and deficiencies relating to the administration of programs and operations	None
Section 5(a)(2)	Recommendations with respect to significant problems, abuses or deficiencies	None
Section 5(a)(3)	Recommendations included in previous semiannual reports on which corrective action has not been completed (TABLE I)	p. 13
Section 5(a)(4)	Matters referred to prosecutive authorities	None
Section 5(a)(5)	Summary of reports	None
Section 5(a)(6)	Listing by subject of audit reports issued (TABLE II)	p. 13
Section 5(a)(7)	Summary of significant reports	None
Section 5(a)(8)	Statistical table – Reports with questioned costs (TABLE III)	p. 14
Section 5(a)(9)	Statistical table – Recommendations that funds be put to better use (TABLE IV)	p. 15
Section 5(a)(10)	Summary of each audit report, inspection report, and evaluation report without management decisions	None
Section 5(a)(11)	Description and explanation of revised management decision	None
Section 5(a)(12)	Management decision with which the IG is in disagreement	None
Section 5(a)(13)	Information under section 05(b) of the Federal Financial Management Improvement Act (FFMIA) of 1996 ¹	None
Section 5(a)(14)	Peer Review Activity	p. 8

¹ FLRA is not subject to the requirements of the FFMIA.

FY 2011 FREEDOM OF INFORMATION ACT REQUESTS

Number of Freedom of Information Act (FOIA) Requests Received	5
Number of FOIA Requests Processed	6
Number Granted	1
Number Partially Granted	2
Number Not Granted	3
Reasons for Denial	
No Records Available	3
Referred to Other Agencies	
Requests Denied in Full Exemption 3	
Requests Denied in Full Exemption 5	
Requests Denied in Full Exemption 7(A)	
Requests Denied in Full Exemption 7(C)	
Request Withdrawn	
Not a Proper FOIA Request	
Not an Agency Record	
Duplicate Request	
Other	
Requests for OIG Reports from Congress and Other Government Agencies	
Received	
Processed	
Appeals Received	
Appeals Processed	
Appeals Completely Upheld	
Appeals Partially Reversed	
Not Proper FOIA Request	
Other	
Number of OIG Reports/Documents Released in Response to Requests	26
Note 1: The OIG processed one FOIA request that was received in FY 2010. Note 2: During this 6-month period, reports were posted on line on the OIG Web site: http://www.flra.gov/OIG	

TABLE I

SUMMARY OF AUDIT REPORTS WITH CORRECTIVE ACTIONS OUTSTANDING FOR MORE THAN 1 YEAR

REPORT TITLE	REPORT NUMBER	ISSUE DATE	RECOMMENDATIONS		
			NUMBER	CLOSE	OPEN
Report on Evaluation of FLRA's FISMA Compliance	FY09FISMA	07/09	16	0	16

TABLE II

LISTING OF AUDIT REPORTS ISSUED

REPORT NUMBER	ISSUE DATE	REPORT TITLE	QUESTIONED COSTS	UNSUPPORTED COSTS	FUNDS PUT TO BETTER USE
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TABLE III

REPORTS WITH QUESTIONED COSTS

The following statistical table summarizes the OIG monetary recommendations and the FLRA responses to those recommendations.

	<u>NUMBER OF REPORTS</u>	<u>QUESTIONED COSTS</u>	<u>UNSUPPORTED COSTS</u>
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
Subtotals (A+B)	0	\$0	\$0
C. For which a management decision was made during the reporting period.	0	\$0	\$0
(i) Dollar value of disallowed costs; and	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
E. Reports for which no management decision was made within six months of issuance.	0	\$0	\$0

TABLE IV

RECOMMENDATIONS THAT FUNDS BE PUT TO BETTER USE

	<u>NUMBER OF REPORTS</u>	<u>DOLLAR VALUE (IN THOUSANDS)</u>
A. For which no management decision has been made by the commencement of the reporting period.	0	\$0
B. Which were issued during the reporting period.	0	\$0
Subtotals (A+B)	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 has been made by the end of the reporting period.	0	\$0
E. Reports for which no management decision was made within six months of issuance.	0	\$0

APPENDIX A

ACRONYMS AND ABBREVIATIONS

ARB	Arbitration (type of FLRA case)
FFMIA	Federal Financial Management Improvement Act
FISMA	Federal Information Security Management Act of 2002
FLRA	Federal Labor Relations Authority
FOIA	Freedom of Information Act
FSLRB	Foreign Service Labor Relations Board
FY	Fiscal Year
CIGIE	Council of Inspectors General on Integrity and Efficiency
HRK	Harper, Rains, and Knight Company
IG	Inspector General
NEG	Negotiability (Type of FLRA case)
OGC	Office of the General Counsel
OIG	Office of Inspector General
OMB	Office of Management and Budget
P.L.	Public Law
REP	Representation (Type of FLRA Case)
STATUTE	Federal Service Labor-management Relations Statute
ULP	Unfair Labor Practice (Type of FLRA case)

DEFINITIONS OF TERMS USED

Disallowed Cost	A questioned cost that management, in a management decision, has sustained or agreed should not be charged to the Government.
Final Action	The completion of all actions that management has concluded, in its management decision, are necessary with respect to the findings and recommendations. If management concluded that no actions were necessary, final action occurs when management decision is issued.
Management Decision	An evaluation by management of the findings and recommendations included in an audit report and the issuance of a final decision by management concerning its response to such findings and recommendations, including actions concluded to be necessary.
Questioned Cost	A cost questioned because of: (a) an alleged violation of a law, regulation, contract, or other agreement or document governing the expenditures of funds; (b) a finding that, at the time of the audit, such cost is not supported by adequate documentation; or (c) a finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable.
Recommendation That Funds Be Put To Better Use	A recommendation that funds could be used more efficiently if management took actions to complete the recommendation, including: (a) reduction in outlays; (b) deobligate funds; (c) costs not incurred by implementing recommended improvements related to the operations of the establishment, a contractor; (d) avoidance of unnecessary expenditures noted in preaward reviews of contract; or (e) any other savings which specifically identified.
Unsupported Cost	A cost questioned because at the time of the audit, such cost is not supported by adequate documentation.



CONTACTING THE OFFICE OF INSPECTOR GENERAL

IF YOU BELIEVE AN ACTIVITY IS WASTEFUL,
FRAUDULENT, OR ABUSIVE OF FEDERAL FUNDS,
CONTACT THE:

HOTLINE (800)331-3572

[HTTP://WWW.FLRA.GOV/OIG-HOTLINE](http://www.flra.gov/oig-hotline)

EMAIL: OIGMAIL@FLRA.GOV

CALL: (202)218-7970 FAX: (202)343-1072

WRITE TO: 1400 K Street, N.W. Suite 250, Washington, D.C. 20424

The complainant may remain confidential; allow their name to be used; or anonymous. If the complainant chooses to remain anonymous, FLRA OIG cannot obtain additional information on the allegation, and also cannot inform the complainant as to what action FLRA OIG has taken on the complaint. Confidential status allows further communication between FLRA OIG and the complainant after the original complaint is received. The identity of complainants is protected under the provisions of the Whistleblower Protection Act of 1989 and the Inspector General Act of 1978. To learn more about the FLRA OIG, visit our Website at <http://www.flra.gov/oig>