



United States Government
National Labor Relations Board
Office of Inspector General

Semiannual Report
October 1, 2017 – March 31, 2018

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EXECUTIVE SUMMARY

I hereby submit this Semiannual Report for the period October 1, 2017 – March 31, 2018. This report summarizes the major activities and accomplishments of the Office of Inspector General of the National Labor Relations Board and its submission is in accordance with the Inspector General Act of 1978, as amended. Section 5 of the Inspector General Act requires that the Chairman transmit this report to the appropriate committees or subcommittees of Congress within 30 days of its receipt.

In the audit program, the Office of Inspector General issued two audit reports, conducted the annual review required by the Federal Information Security Management Act, issued a memorandum identifying the Agency's top management and performance challenges, and reported to the Office of Management and Budget on the Agency's progress in implementing recommendations related to Government charge cards in accordance with the Government Charge Card Abuse Prevention Act. In the investigation program, the Office of Inspector General processed 151 contacts, initiated 3 cases, closed 4 cases, and issued 3 investigative reports. Our investigative efforts resulted in a conviction, a resignation, a reassignment, and a reprimand. In the matter involving the conviction, the court ordered restitution to the NLRB in the amount of \$423,532 and 52 months confinement. Two matters were referred to the U.S. Department of Justice.

I appreciate the support of all Agency employees in achieving the accomplishments set forth in this report.

A handwritten signature in black ink, appearing to read "David Berry". The signature is stylized and cursive.

David Berry
Inspector General
April 30, 2018

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AGENCY PROFILE

The National Labor Relations Board (NLRB or Agency) is an independent Federal agency established in 1935 to administer the National Labor Relations Act. The National Labor Relations Act is the principal labor relations law of the United States, and its provisions generally apply to private sector enterprises engaged in, or to activities affecting, interstate commerce. NLRB jurisdiction includes the U.S. Postal Service; however, other government entities, railroads, and airlines are not within NLRB's jurisdiction.

The NLRB seeks to serve the public interest by reducing interruptions in commerce caused by industrial strife. It does this by providing orderly processes for protecting and implementing the respective rights of employees, employers, and unions in their relations with one another. The NLRB has two principal functions: (1) to determine and implement, through secret ballot elections, the free democratic choice by employees as to whether they wish to be represented by a union in dealing with their employers and, if so, by which union; and (2) to prevent and remedy unlawful acts, called unfair labor practices, by either employers or unions.

NLRB authority is divided by law and delegation. The five-member Board primarily acts as a quasi-judicial body in deciding cases on formal records. The General Counsel investigates and prosecutes unfair labor practices before administrative law judges, whose decisions may be appealed to the Board, and, on behalf of the Board, conducts secret ballot elections to determine whether employees wish to be represented by a union.

The Board consists of the Chairman and four Members who are appointed by the President with the advice and consent of the Senate. Board Members serve staggered terms of 5 years each. The General Counsel is also appointed by the President with the advice and consent of the Senate and serves a term of 4 years.

Chairman Philip A. Miscimarra's term as a Member ended on December 16, 2017. On December 21, 2017, the President designated Member Marvin Kaplan as Chairman. Mark Gaston Pearce, Lauren McFerran, and William Emanuel continued to serve as Members. Richard F. Griffin, Jr., served as the General Counsel until the end of his term on October 31, 2017. Thereafter, Deputy General Counsel Jennifer Abruzzo served as Acting General Counsel until Peter Robb was sworn in as General Counsel on November 17, 2017.

NLRB Headquarters is located at 1015 Half Street, SE, Washington, DC. In addition to the Headquarters building, employees are located in 48 field offices and 2 satellite offices for administrative law judges. The NLRB has designated 26 of the 48 field offices as Regional Offices.

Additional information about the NLRB can be found at www.NLRB.gov.

OFFICE OF INSPECTOR GENERAL

NLRB established the Office of Inspector General (OIG) pursuant to the 1988 amendments to the Inspector General Act of 1978 (IG Act).

RESOURCES

In addition to the Inspector General, the OIG staff positions consist of a Counsel/Assistant Inspector General for Investigations, an Assistant Inspector General for Audits, three auditors, and a staff assistant. Additionally, the OIG staff is augmented by contract auditors. The Assistant Inspector General for Audits position is currently vacant. In our Fiscal Year (FY) 2018 budget submission to the Board, the Inspector General requested funding for two additional auditor positions, noting that the positions are necessary to ensure adequate oversight of the NLRB's mission functions.

REPORTS TO CONGRESS

We issued a [Notice of a Serious and Flagrant Problem and/or Deficiency](#) on February 9, 2018. The purpose of the report was to notify Congress that the Inspector General determined that there was a serious and flagrant problem and/or deficiency in the Board's administration of its deliberative process and the National Labor Relations Act with respect to the deliberation of a particular matter. The Board forwarded the report to the Congress within the statutory time frame.

AUDIT PROGRAM

The Inspector General is to provide policy direction for and is to conduct, supervise, and coordinate audits relating to program operations of the Agency. During the reporting period, the OIG issued two audit reports, conducted the annual review required by the Federal Information Security Management Act, issued a memorandum identifying the Agency's top management and performance challenges, and reported to the Office of Management and Budget (OMB) on the Agency's progress in implementing recommendations related to Government charge cards in accordance with the Government Charge Card Abuse Prevention Act.

Reports Issued

We issued Audit Report [OIG-AMR-83-18-01, DATA Act Implementation](#), on October 30, 2017. The Digital Accountability and Transparency Act of 2014 (DATA Act) was enacted May 9, 2014, to expand the reporting requirements pursuant to the Federal Funding Accountability and Transparency Act of 2006. The DATA Act, in part, requires that Federal agencies report financial and payment data in accordance with Governmentwide financial data standards established by the U.S. Department of the Treasury (Treasury) and the OMB. The DATA Act also requires the OIG of each Federal agency to report on its agency's DATA Act submission and compliance.

The objectives of the audit were to evaluate whether the NLRB's internal controls over spending data have been properly designed, implemented, and operating effectively to manage and report financial and award data in accordance with the DATA Act; assess the completeness, timeliness, quality, and accuracy of the NLRB's FY2017, second quarter, financial award data submitted for publication on USAspending.gov; and assess the NLRB's implementation and use of the Governmentwide financial data standards established by the OMB and Treasury.

We determined that the Agency's internal controls over the DATA Act submission were not sufficient to allow the Senior Accountable Official, who is the Chief Financial Officer, to provide reasonable assurance that the Agency's financial and award data submitted for publication on USAspending.gov were complete, timely, accurate, and of quality. We also determined that while the data in the Agency's FY 2017, second quarter DATA Act submission was timely, the data was not complete or accurate. Therefore, the data lacked quality. For the third objective, we determined that the Interior Business Center, the Agency's Federal Shared Service Provider, is responsible for determining the applicable data standards for its customers. We made three recommendations for corrective actions. Management generally agreed with our findings and recommendations.

We issued Audit Report [OIG-F-22-18-01](#), **Audit of the NLRB Fiscal Year 2017 Financial Statements**, on November 6, 2017. The audit, performed by an independent public accounting firm, found that the NLRB's FY 2017 Financial Statements were fairly stated. The audit report stated that there were two material weaknesses in internal control. One material weakness was due to a lack of information technology updated policies and procedures over security management and assessments and an unreliable security assessment for the LAN/WAN general support system. The other material weakness was due to a lack of a contingency plan and testing for information systems for achieving continuity of operations for mission/business functions. Management did not agree with the material weakness findings. The report made six recommendations for corrective actions. Management agreed to implement the recommendations.

The management letter, issued as part of the financial statement audit process, contained findings related to the management and monitoring of negative leave balances, management of the Government charge cards, undelivered orders and accounts payable, and management of the process to produce the Performance and Accountability Report. The management letter contained two new recommendations related to the Performance and Accountability Report and noted that recommendations related to the other findings were made in prior reports and remain open.

We completed the **Federal Information Security Management Act of 2002** annual review of information security programs. The OIG review was accomplished as part of the audit of the FY 2017 financial statements and the completion of the OMB template.

We issued a memorandum identifying the Agency's **Top Management and Performance Challenges** on October 5, 2017. The OIG developed a list of what

it considers to be the most serious management and performance challenges facing the NLRB. The challenges are:

1. Manage the Agency;
2. Manage the Agency's Financial Resources;
3. Manage the NLRB's Human Capital and Maintain the Agency's Institutional Knowledge;
4. Manage the Agency's Information Technology Security; and
5. Implement Audit Recommendations.

On January 29, 2018, we complied with the provisions of the **Government Charge Card Abuse Prevention Act** and reported to OMB the Agency's progress in implementing audit recommendations related to Government charge cards. At that time, we reported that the Agency had five open recommendations related to the management of Government charge cards.

INVESTIGATION PROGRAM

The Inspector General is to provide policy direction for and is to conduct, supervise, and coordinate investigations relating to the programs and operations of the Agency. During this reporting period, we processed 151 contacts, initiated 3 cases, closed 4 cases, and issued 3 investigative reports. Our investigative efforts resulted in a conviction, a resignation, a reassignment, and a reprimand. In the matter involving the conviction, the court ordered restitution to the NLRB in the amount of \$423,532 and 52 months confinement. Two matters were referred to the U.S. Department of Justice.

Case Workload		Contacts Processed	
Open (10/1/2017)	11	Received	151
Initiated	3	Initiated Investigation	3
Closed	4	Opened Case -- Referred to Agency	0
Open (3/31/2018)	10	Non-Investigative Disposition	148

Investigative Highlights for Reports Issued, Cases Closed, and Referrals

We investigated an allegation that the NLRB violated the Antideficiency Act when it provided support to the NLRB Federal Credit Union after receiving notification that the credit union no longer met the membership requirements for receiving support. As part of our investigative efforts, we requested a Comptroller General decision. We received a decision stating that the NLRB did not violate the Antideficiency Act by providing support to the credit union. The investigation was closed during the reporting period. (OIG-I-504)

We previously reported our investigation involving a former employee who misappropriated over \$400,000 in backpay funds. During this reporting period, the employee pled guilty to wire fraud and identify theft. The employee was sentenced to 52 months in prison and ordered to make restitution in the amount of \$423,532. (OIG-I-519)

We investigated an allegation that an employee used official time to prepare for university courses and that subordinates provided assistance to the employee with the course work. We substantiated the allegation and issued a report that found that the employee violated the *Standards of Ethical Conduct for Employees of the Executive Branch*. Management issued the employee a reprimand. The investigation was closed during this reporting period. (OIG-I-537)

We investigated an allegation that a GS 15 manager solicited prohibited sources to raise funds for a Regional Director's retirement party and gift. We substantiated the allegation and issued a report that found that the employee violated the *Standards of Ethical Conduct for Employees of the Executive Branch*. Management reassigned the employee to a non-managerial position. The investigation was closed during this reporting period. (OIG-I-538)

We investigated an allegation that an employee submitted false time records. We referred the matter to the appropriate U.S. Attorney's Office. Prosecution was declined. The employee then refused to cooperate with the investigation. The employee was placed on administrative leave and received a suspension. When the employee returned to work, the employee resigned after he was directed to appear at the OIG interview. The investigation was closed during this reporting period. (OIG-I-539)

We investigated an allegation that a Member violated the President's ethics pledge. During the investigation, we received information regarding an allegation that the Member provided false information in response to a Congressional inquiry. The false information allegation was referred to the appropriate U.S. Attorney's Office. Prosecution was declined. We substantiated the allegation regarding the pledge and determined that the allegation regarding the false information was not substantiated. The Member did not agree with our findings regarding the pledge violation. We issued a report to the Board and provided copies to the Congressional oversight committees. (OIG-I-541)

Hotline

Employees and members of the public with information on fraud, waste, and abuse are encouraged to contact the OIG. A log of calls to a nationwide toll-free number or the office numbers and a log of mail, email, and facsimile messages are maintained. All information received, regardless of the method used, is referred to as Hotline contacts. Hotline contacts are analyzed to determine if further inquiry or action is warranted.

During this reporting period, the OIG received 151 Hotline contacts, of which 83 were telephone calls or walk-ins and 68 were in writing.

Most Hotline contacts are from members of the public seeking help on an employment-related problem or issues outside OIG and/or Agency jurisdiction. As appropriate, the OIG refers those Hotline contacts to an NLRB Regional Office; local, state, or Federal agencies; or private resources to provide assistance.

LEGISLATION, REGULATIONS, AND POLICY

The responsibilities and duties of an OIG include reviewing existing and proposed legislation and regulations relating to the programs and operations of its agency and making recommendations in the semiannual reports concerning the impact of such legislation or regulations on the economy and efficiency in the administration of programs and operations administered or financed by the agency or the prevention and detection of fraud and abuse in such programs and operations.

Legislation

During the current Congress, 24 legislative proposals have been introduced that would amend the National Labor Relations Act or otherwise impact the programs and operations of the Agency:

H.R. 138	Protecting Employees and Retirees in Business Bankruptcies Act of 2017;
H.R. 156	Labor Relations First Contract Negotiations Act of 2017;
H.R. 744	Truth in Employment Act of 2017;
H.R. 785 & S. 545	National Right-to-Work Act;
H.R. 933	Employee Empowerment Act;
H.R. 986 & S. 63	Tribal Labor Sovereignty Act of 2017;
H.R. 987 & S. 155	RAISE Act;
H.R. 1722 & S. 1594	Protecting American Jobs Act;
H.R. 2275	Giving Workers a Fair Shot Act;
H.R. 2578	Employee Benefits Protection Act of 2017;
H.R. 2629 & S. 1217	Representation Fairness Restoration Act;
H.R. 2723 & S. 1774	Employee Rights Act;
H.R. 2775	Employee Privacy Protection Act;
H.R. 2776 & S. 1350	Workplace Democracy and Fairness Act;
H.R. 3055	Freedom from Union Identity Theft Act;
H.R. 3056	Freedom from Union Stalking Act;

H.R. 3441	Save Local Business Act;
H.R. 3647	Save America Comprehensive Immigration Act of 2017;
H.R. 3671	Off Fossil Fuels for a Better Future Act;
H.R. 3827 & S. 1838	Protecting Workers and Improving Labor Standards Act;
H.R. 4327	Current Employee Representation Act;
H.R. 4548 & S. 2143	WAGE Act;
S. 702	PLUS Act; and
S. 2069	Protecting Workers' Freedom to Organize Act.

Regulations

The Inspector General is an advisory member of the Agency's Rules Revision Committee that develops changes to the Agency's procedural regulations.

LIAISON ACTIVITIES

The Inspector General is to recommend policies for, and is to conduct, supervise, or coordinate relationships between the Agency and other Federal agencies, state and local governmental agencies, and non-governmental entities. The Inspector General is to give particular regard to the activities of the Comptroller General of the United States. Similarly, we encourage OIG staff members to participate in Agency programs and activities.

Inspector General Community

The Inspector General is a member of the Council of the Inspectors General on Integrity and Efficiency (CIGIE). This organization consists of Inspectors General at the Federal Government's departments and agencies. The Inspector General sits as a member of the CIGIE Investigations Committee.

The Assistant Inspector General for Audits, or designated auditors, participated in the Federal Audit Executive Council, Financial Statement Audit Network, and the Interagency Fraud and Risk Data Mining Group. The Counsel to the Inspector General participates in the Council of Counsels to Inspectors General.

Government Accountability Office

The IG Act states that each Inspector General shall give particular regard to the activities of the Comptroller General of the United States, as head of the Government Accountability Office (GAO) with a view toward avoiding duplication and ensuring effective coordination and cooperation. During this reporting period, GAO did not conduct any activity involving the NLRB's programs or operations.

INFORMATION REQUIRED BY THE ACT

Certain information and statistics based on the activities accomplished during this period are required by section 5(a) of the IG Act to be included in the semiannual report. These are set forth below:

(1), (2), (7) Other than as reported in the Reports to Congress, Audit Program, and Investigation Program sections, the OIG did not identify significant problems, abuses or deficiencies relating to the administration of programs. For the purpose of this section, we used the definition of significant as set forth in the Federal Managers' Financial Integrity Act.

(3) There were 34 corrective actions described or otherwise noted in previous semiannual reports that have not been implemented. (See also 10(C) below) (Note: For OIG-AMR-73-15-01, 12 recommendations are now consolidated into a single recommendation and reported as such.)

(4) Two matters were referred to the U.S. Department of Justice (DOJ).

(5) No reports were made to the Board that information or assistance requested by the Inspector General was unreasonably refused or not provided.

(6) The following audit, inspection, and evaluation reports were issued during the reporting period:

Subject Matter and Title	Questioned Costs	Unsupported Costs	Funds To Be Put To Better Use
General Administration NLRB Fiscal Year 2017 Financial Statements OIG-F-22-18-01	0	0	0
General Administration Data Act Implementation OIG-AMR-83-18-01	0	0	0

(8) Statistical Table of Reports with Questioned Costs:

	Number of Reports	Questioned Costs	Unsupported Costs
A. For which no management decision has been made by the commencement of the 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	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
Reports for which no management decision was made within six months of issuance	0	0	0

(9) Statistical Table of Recommendations that Funds be Put to Better Use:

	Number of Reports	Funds Be Put To Better Use
A. For which no management decision has been made by the commencement of the 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
Reports for which no management decision was made within six months of issuance	0	0

(10) For each audit, inspection, or evaluation issued before the commencement of the reporting period:

(A) There were no reports for which no management decision had been made by the end of the reporting period;

(B) There were no reports for which no establishment comment was returned within 60 days of providing the report to the establishment; and

(C) The following are the outstanding unimplemented recommendations:

Audit No.	Audit Summary and Link	Issued	Management Decision	Rec #	Recommendation with any Aggregate Cost Saving Noted
FY 2015					
OIG-F-19-15-01	Audit of the NLRB Fiscal Year 2014 Financial Statements	12/12/2014	12/12/2014	1	Establish, document, and implement policies for performing open obligation reviews on a quarterly basis, including documented quality control procedures and approvals over the reviews.

OIG-F-19-15-01	Audit of the NLRB Fiscal Year 2014 Financial Statements	12/12/2014	12/12/2014	2	Establish, document, and implement policies to ensure accruals are recorded when goods and/or services are received throughout the fiscal year, at least on a quarterly basis, rather than at only year-end. Accruals recorded should be clearly documented with detailed methodologies to support the amounts recorded. The accrual methodologies should be reviewed and approved by appropriate program office personnel, with quality control review procedures and approvals performed and documented by Finance personnel.
OIG-F-19-15-01	Audit of the NLRB Fiscal Year 2014 Financial Statements	12/12/2014	12/12/2014	4	Train responsible program office and Finance personnel on how to monitor obligations and report accruals on an ongoing basis to enhance compliance with the applicable requirements.
OIG-F-19-15-01	Audit of the NLRB Fiscal Year 2014 Financial Statements	12/12/2014	12/12/2014	5	Perform a reconciliation for each GSA agreement to ensure that the obligations are valid, and documentation exists to clearly support that the goods or services ordered were provided by GSA on a timely basis. Coordination should be performed between Finance, Facilities and Property Branch, and GSA on an ongoing basis.
OIG-F-19-15-01	Audit of the NLRB Fiscal Year 2014 Financial Statements	12/12/2014	12/12/2014	15	Finalize the Financial Manual documenting the procedures needed to ensure NLRB complies with applicable accounting, financial management and reporting standards and regulations. The manual should include specific procedures required to process JVs, including: (1) Verifying the accuracy of data on the JVs, (2) Ascertaining that the JVs and supporting documentation are properly authorized, and (3) Determination that the transactions are legal.
OIG-F-19-15-01	Audit of the NLRB Fiscal Year 2014 Financial Statements	12/12/2014	12/12/2014	16	Review, implement, and monitor control activities related to the training and appointment of cardholders.
OIG-F-19-15-01	Audit of the NLRB Fiscal Year 2014 Financial Statements	12/12/2014	12/12/2014	17	Establish and implement procedures for periodic review of all active cardholders to determine whether each cardholder has a need for the purchase/travel card, and whether all applicable documentation,

					including completion of initial and refresher trainings, is maintained.
OIG-F-19-15-01	Audit of the NLRB Fiscal Year 2014 Financial Statements	12/12/2014	12/12/2014	18	Establish policies for the maintenance of negative leave requests and supporting documentation in a centralized location.
OIG-F-19-15-01	Audit of the NLRB Fiscal Year 2014 Financial Statements	12/12/2014	12/12/2014	19	Perform a review of employees with negative sick balances to verify requests were approved in accordance with policies and procedures and to determine whether stated balances are valid.
Link: OIG-F-19-15-01					
OIG-AMR-73-15-01	Personnel Security	2/3/2015	2/3/2015	1	We recommend that the Director of Administration reorganize the Security Branch to ensure the following: A set of internal control activities that ensure that the Security Branch fulfills the personnel security function in compliance with Governmentwide regulations and policies; a method to monitor the Security Branch's compliance with and the effectiveness of the internal control activities; and the Security Branch is appropriately staffed to fulfill its mission.
Link: OIG-AMR-73-15-01					
OIG-AMR-75-15-02	Travel Cards	6/16/2015	6/16/2015	3	We recommend that the Finance Branch develop and implement procedures to identify infrequent travelers and reduce the credit limits for those travel cardholders.
OIG-AMR-75-15-02	Travel Cards	6/16/2015	6/16/2015	9	We recommend that the Finance Branch develop and implement procedures to monitor the training completion by travel cardholders to ensure that travel cardholders meet the training requirements.
OIG-AMR-75-15-02	Travel Cards	6/16/2015	6/16/2015	10	We recommend that the Finance Branch develop and implement procedures to ensure that travel card accounts are closed when a travel cardholder separates from the Agency.
Link: OIG-AMR-75-15-02					
FY 2016					
OIG-AMR-78-16-01	Freedom of Information Act	5/12/2016	5/12/2016	4	Update the FTS System of Records Notice to reflect how the FOIA information is used and stored.

OIG-AMR-77-16-02	Training and Conferences	9/27/2016	9/27/2016	1	We recommend that OED and the Office of the Chief Financial Officer (OCFO) develop and implement policies and procedures for the timely recording of training obligations.
OIG-AMR-77-16-02	Training and Conferences	9/27/2016	9/27/2016	2	We recommend that OED develop and implement policies and procedures for documenting employee attendance at Agency-funded training.
OIG-AMR-77-16-02	Training and Conferences	9/27/2016	9/27/2016	3	We recommend that OED develop and implement an IDP program to ensure that an employee's training meets the identified need for knowledge, skills, and abilities bearing directly upon the employee's official duties.
OIG-AMR-77-16-02	Training and Conferences	9/27/2016	9/27/2016	4	We recommend that: a. OED obtain a decision from the Board and General Counsel on whether the Agency will have an academic degree program; b. If a program is approved, OED develop and implement the program prior to approving only colleges courses for the degree; and c. If a program is not approved, OED not approve training consisting of academic courses unless it meets an identified need.
OIG-AMR-77-16-02	Training and Conferences	9/27/2016	9/27/2016	5	We recommend that OED require continuing service agreements for all employees taking training.
OIG-AMR-77-16-02	Training and Conferences	9/27/2016	9/27/2016	6	We recommend that OED implement and maintain the Agency's Management Development Program.
OIG-AMR-77-16-02	Training and Conferences	9/27/2016	9/27/2016	7	We recommend that the Division of Administration develop and implement a Management Succession Plan.
OIG-AMR-77-16-02	Training and Conferences	9/27/2016	9/27/2016	8	We recommend that the Division of Administration develop and implement a program for Senior Executive Development Plans.
OIG-AMR-77-16-02	Training and Conferences	9/27/2016	9/27/2016	9	We recommend that the Division of Administration and the OCFO develop and implement policies and procedures for employee conference management.
OIG-AMR-77-16-02	Training and Conferences	9/27/2016	9/27/2016	11	We recommend that the OCFO develop and implement policies and procedures for the travel of employees in a local commuting area.

OIG-AMR-77-16-02	Training and Conferences	9/27/2016	9/27/2016	12	We recommend that the Division of Administration and the OCFO develop procedures for providing timely conference reports to the OIG.
OIG-AMR-77-16-02	Training and Conferences	9/27/2016	9/27/2016	13	We recommend that the Division of Administration and the OCFO consult with the Chairman and General Counsel regarding the approval authority for conferences and develop procedures to ensure that the conference spending is approved by the proper authority.
OIG-AMR-77-16-02	Training and Conferences	9/27/2016	9/27/2016	14	We recommend that the Division of Administration and the OCFO develop and implement procedures for the reporting of conference expenses to the Office of Management and Budget.
Link: OIG-AMR-77-16-02					
FY 2017					
OIG-F-21-17-01	Audit of the NLRB Fiscal Year 2016 Financial Statements	11/3/2016	11/3/2016	1	Perform an assessment of its organizational structure to ensure that the Office of the Chief Financial Officer is adequately staffed with individuals that possess adequate experience compiling Federal financial statements and recording Federal accounting transactions, to enhance the NLRB's ability to comply with accounting and financial reporting standards. Once the assessment is completed, corrective action should be taken to address any deficiencies identified in current staffing levels or competencies.
OIG-F-21-17-01	Audit of the NLRB Fiscal Year 2016 Financial Statements	11/3/2016	11/3/2016	2	Develop and provide on-going training and cross-training to NLRB staff on Federal accounting and reporting requirements to enhance NLRB's ability to compile financial statements and the Performance and Accountability Report in accordance with applicable standards.
OIG-F-21-17-01	Audit of the NLRB Fiscal Year 2016 Financial Statements	11/3/2016	11/3/2016	3	Develop a process for in-depth and detailed management quality control reviews of the financial statements and notes, journal vouchers, and accounting transactions to ensure they are properly and timely reported and recorded.
OIG-F-21-17-01	Audit of the NLRB Fiscal Year 2016 Financial Statements	11/3/2016	11/3/2016	5	Ensure that all assets are properly recorded in the subsidiary ledger and related accounting records and depreciated in a manner that

					properly reflects asset, contra-asset, and expense balances.
OIG-F-21-17-01	Audit of the NLRB Fiscal Year 2016 Financial Statements	11/3/2016	11/3/2016	6	Develop and implement a process to enter and track all property equipment in the Oracle Fixed Asset Module.
OIG-F-21-17-01	Audit of the NLRB Fiscal Year 2016 Financial Statements	11/3/2016	11/3/2016	7	Develop and implement standardized policies and procedures to ensure accountability, monitoring, and oversight of the PP&E disposals and lost capitalized equipment, including notification to the Office of Inspector General for lost equipment.
OIG-F-21-17-01	Audit of the NLRB Fiscal Year 2016 Financial Statements	11/3/2016	11/3/2016	8	Define authorities and responsible parties for managing all capitalized assets to maintain physical control in securing and safeguarding NLRB assets.
Link: OIG-F-21-17-01					
FY 2018					
OIG-AMR-83-18-01	DATA Act Implementation	10/30/2017	10/30/2017	1	Develop and implement internal controls to ensure that: a. Parent IDs are uniform in the data reported to FPDS and the financial system; b. Procurement awards are reported to FPDS as required by Section 4.606 of the FAR; and c. File C contains all of the financial data for the procurement awards that are reported in File D1 prior to submitting the files to the DATA Act broker.
OIG-AMR-83-18-01	DATA Act Implementation	10/30/2017	10/30/2017	2	Coordinate with other users of the Oracle financial system to determine if they had similar findings and, if they did, address the issue with IBC.
OIG-AMR-83-18-01	DATA Act Implementation	10/30/2017	10/30/2017	3	Develop and implement internal controls to identify and correct data errors in the financial system and in FPDS-NG.
Link: OIG-AMR-83-18-01					
OIG-F-22-18-01	Audit of the NLRB Fiscal Year 2017 Financial Statements	11/6/2017	11/6/2017	1	Establish, approve, and disseminate IT policies and procedures to all employees as required by NIST SP 800-53, Security and Privacy Controls for Federal Information Systems and Organizations, Revision 4. Final policies and procedures should have a clear audit trail showing signatures of individuals responsible for final approval and be dated accordingly.
OIG-F-22-18-01	Audit of the NLRB Fiscal Year 2017 Financial Statements	11/6/2017	11/6/2017	2	Obtain an independent assessor to perform tests of effectiveness on all NLRB's SSP in accordance

					with NIST Special Publication 800-53A, Assessing Security and Privacy Controls in Federal Information Systems and Organizations, Revision 4.
OIG-F-22-18-01	Audit of the NLRB Fiscal Year 2017 Financial Statements	11/6/2017	11/6/2017	3	Review the knowledge, skills, and abilities of the OCIO security personnel and make a determination of whether individuals in those positions are skilled to perform IT security functions.
OIG-F-22-18-01	Audit of the NLRB Fiscal Year 2017 Financial Statements	11/6/2017	11/6/2017	4	Develop a personnel policy that defines the NLRB's responsibility for maintaining a complete list of contractors that is periodically reviewed to ensure completeness and accuracy.
OIG-F-22-18-01	Audit of the NLRB Fiscal Year 2017 Financial Statements	11/6/2017	11/6/2017	5	Develop an overall contingency plan to include all NLRB systems, including the financial, payroll, Backpay and LAN/WAN systems.
OIG-F-22-18-01	Audit of the NLRB Fiscal Year 2017 Financial Statements	11/6/2017	11/6/2017	6	Ensure that the contingency plan is tested, at a minimum once a year and that results of the test are reviewed so that corrective action can be initiated, if needed.
Link: OIG-F-22-18-01					
OIG-F-22-18-01 (ML)	Audit of the NLRB Fiscal Year 2017 Financial Statements - Management Letter	11/28/2017	11/28/2017	1	Establish and document the policies and procedures over the preparation and submission of the PAR to OMB.
OIG-F-22-18-01 (ML)	Audit of the NLRB Fiscal Year 2017 Financial Statements - Management Letter	11/28/2017	11/28/2017	2	Perform an analysis to determine whether it would be more efficient for the Agency to submit a separate Agency Financial Report and an Agency Performance Report, which is more suitable for a smaller agency, rather than consolidating the two reports into a PAR.
Link: OIG-F-22-18-01 (ML)					

(11) No significant revised management decisions were made during the reporting period.

(12) There were no significant management decisions with which I am in disagreement.

(13) There is no information to report under the requirements of section 05(b) of the Federal Financial Management Improvement Act of 1996.

(14) (15) A peer review of the audit program was conducted by the Office of Inspector General, Federal Housing Finance Agency. The peer review report was issued on February 1, 2018. A copy of the peer review report is attached as an appendix. There were no recommendations. The OIG's investigative program is not subject to the peer review requirement.

(16) The OIG did not conduct any peer reviews during the reporting period.

(17) Statistical Table of the information related to investigative activity:

Investigative Reports Issued	Number of Persons Referred to DOJ	Number of Persons Referred to State or Local Prosecutors	Total Number of Indictments and Criminal Informations
3	2	0	0

(18) Description of the metrics used for developing investigative statistical data: The OIG considers a report issued when it transmits the report to an NLRB management official. It is the OIG's practice to contact DOJ's Public Integrity Section or the appropriate U.S. Attorney's office when the OIG determines that there is reasonable cause to believe that a person violated a Federal criminal statute. The OIG does not consider coordination of its investigative activity with the FBI as a referral to the DOJ. Because of the nature of the NLRB's mission, the factual basis for a referral to a state or local prosecutor rarely occurs. Referrals, indictments, and criminal informations are reported for the period in which they occurred.

(19) Report on each investigation conducted that involved a senior Government employee (GS 15 or above) where an allegation of misconduct was substantiated:

Facts and Circumstances of the Investigation. OIG-I-538	A GS 15 manager solicited contributions for a gift and reception from prohibited sources. The gift and reception were for the Regional Director who was retiring. The solicitations occurred during official time and involved the use of the NLRB's email system. We determined that the conduct violated the <i>Standards of Ethical Conduct for Employees of the Executive Branch</i> . There was no evidence that any contributions were exchanged for official actions and the amounts solicited did not cover the entire cost of the reception.
Status and Disposition of the Matter	An OIG administrative report was issued on October 16, 2017. Management reassigned the employee to a non-management position.
Facts and Circumstances of the Investigation OIG-I-541	A Board Member participated in a matter related to his former employer during the 2-year period that such participation was prohibited by the President's ethics pledge. The Member then provided a factually inaccurate statement in response to a Congressional inquiry request regarding his participation. The appropriate U.S. Attorney's Office declined prosecution. We determined that the Member's participation in the matter violated the President's ethics pledge, but that the inaccurate statement was not a knowingly false statement. The Member did not agree with our findings regarding the violation of the President's ethics pledge.
Status and Disposition of the Matter	An OIG administrative report was issued on March 20, 2018. The report was provided to the NLRB's Congressional oversight committees.
The OIG considers an allegation substantiated when a determination is made that there is a preponderance of evidence that the employee engaged in misconduct and issues an investigative report.	

(20) There were no instances of whistleblower retaliation that were reported to the OIG during the reporting period.

(21) Other than hiring restrictions, there were no attempts by the establishment to interfere with the independence of the OIG, including budget constraints designed to limit the capabilities of the OIG or incidents where the establishment resisted or objected to the OIG's oversight activities or restricted or significantly delayed access to information.

(22) Disclosure of closed items:

(A) During the reporting period, the OIG did not close any inspections, evaluations, or audits that were not disclosed to the public: and

(B) The Investigation Program section includes a summary of all investigations closed during the reporting period – including any investigation involving unsubstantiated allegations of misconduct by senior Government employees.

APPENDIX – NLRB OIG Peer Review Report



OFFICE OF INSPECTOR GENERAL
Federal Housing Finance Agency

400 7th Street SW, Washington, DC 20219

System Review Report

February 1, 2018

David P. Berry, Inspector General
National Labor Relations Board

We have reviewed the system of quality control for the audit organization of the National Labor Relations Board (NLRB) Office of Inspector General (OIG) in effect for the 18-month period ended September 30, 2017. The system of quality control encompasses NLRB OIG's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of conforming with *Government Auditing Standards*. The elements of quality control are described in *Government Auditing Standards*. NLRB OIG is responsible for establishing and maintaining a system of quality control that is designed to provide NLRB OIG with reasonable assurance that the organization and its personnel comply with professional standards and applicable legal and regulatory requirements in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and NLRB OIG's compliance therewith based on our review.

Our review was conducted in accordance with *Government Auditing Standards* and the Council of the Inspectors General on Integrity and Efficiency (CIGIE) *Guide for Conducting Peer Reviews of the Audit Organizations of Federal Offices of Inspector General*. During our review, we interviewed NLRB OIG personnel and obtained an understanding of the nature of the NLRB OIG audit organization, and the design of NLRB OIG's system of quality control sufficient to assess the risks implicit in its audit function. Based on our assessments, we selected audits and administrative files to test for conformity with professional standards and compliance with NLRB OIG's system of quality control. The audits selected represented a reasonable cross-section of NLRB OIG audit organization, with emphasis on higher-risk audits. Prior to concluding the peer review, we reassessed the adequacy of the scope of the peer review procedures and met with NLRB OIG management to discuss the results of our review. We believe that the procedures we performed provide a reasonable basis for our opinion.

In performing our review, we obtained an understanding of the system of quality control for the NLRB OIG audit organization. In addition, we tested compliance with NLRB OIG's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of NLRB OIG's policies and procedures on selected audits. Our review was based on

selected tests; therefore, it would not necessarily detect all weaknesses in the system of quality control or all instances of noncompliance with it.

There are inherent limitations in the effectiveness of any system of quality control, and, therefore, noncompliance with the system of quality control may occur and not be detected. Projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or because the degree of compliance with the policies or procedures may deteriorate.

Enclosure 1 to this report identifies the NLRB OIG audits that we reviewed.

In our opinion, the system of quality control for the audit organization of NLRB OIG in effect for the 18-month period ended September 30, 2017, has been suitably designed and complied with to provide NLRB OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Audit organizations can receive a rating of *pass*, *pass with deficiencies*, or *fail*. NLRB OIG has received an External Peer Review rating of *pass*.

In addition to reviewing its system of quality control to ensure adherence with *Government Auditing Standards*, we applied certain limited procedures in accordance with guidance established by the CIGIE related to NLRB OIG's monitoring of audits performed by Independent Public Accountants (IPAs) under contract where the IPA served as the auditor. It should be noted that monitoring of audits performed by IPAs is not an audit and, therefore, is not subject to the requirements of *Government Auditing Standards*. The purpose of our limited procedures was to determine whether NLRB OIG had controls to ensure IPAs performed contracted work in accordance with professional standards. However, our objective was not to express an opinion and accordingly, we do not express an opinion, on NLRB OIG's monitoring of work performed by IPAs.

Enclosure 2 to this report includes NLRB OIG's comments to this report.

Sincerely,



Laura S. Wertheimer
Inspector General

Enclosures

Scope and Methodology

We tested compliance with NLRB OIG audit organization's system of quality control to the extent we considered appropriate. These tests included a review of all three audit reports issued by NLRB OIG during the period April 1, 2016, through September 30, 2017. Additionally, we reviewed one terminated audit and internal quality control reviews performed by NLRB OIG.

Reviewed Audits Performed by NLRB OIG:

<u>Report No.</u>	<u>Report Date</u>	<u>Report Title</u>
OIG-AMR-79-17-01	5/16/2017	Backpay Payments
OIG-AMR-77-16-02	9/27/2016	Training and Conferences
OIG-AMR-78-16-01	5/12/2016	Freedom of Information Act

In addition, we reviewed NLRB OIG's monitoring of the following contracted audit performed by an IPA during the period April 1, 2016, through September 30, 2017.

<u>Report No.</u>	<u>Report Date</u>	<u>Report Title</u>
OIG-F-21-17-01	11/3/2016	Audit of the National Labor Relations Board Fiscal Year 2016 Financial Statements

We visited NLRB OIG's office located in Washington, DC.

This report was produced by OIG personnel using a standard copier and supplies.

**Report
Fraud, Waste, and Abuse**

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