

NATIONAL  
LABOR  
RELATIONS  
BOARD



## SEMIANNUAL REPORT

For the Period

October 1, 1990 through March 31, 1991

SEMIANNUAL REPORT  
OF THE  
OFFICE OF INSPECTOR GENERAL  
NATIONAL LABOR RELATIONS BOARD  
FOR THE PERIOD  
OCTOBER 1, 1990 THROUGH MARCH 31, 1991

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## FOREWORD

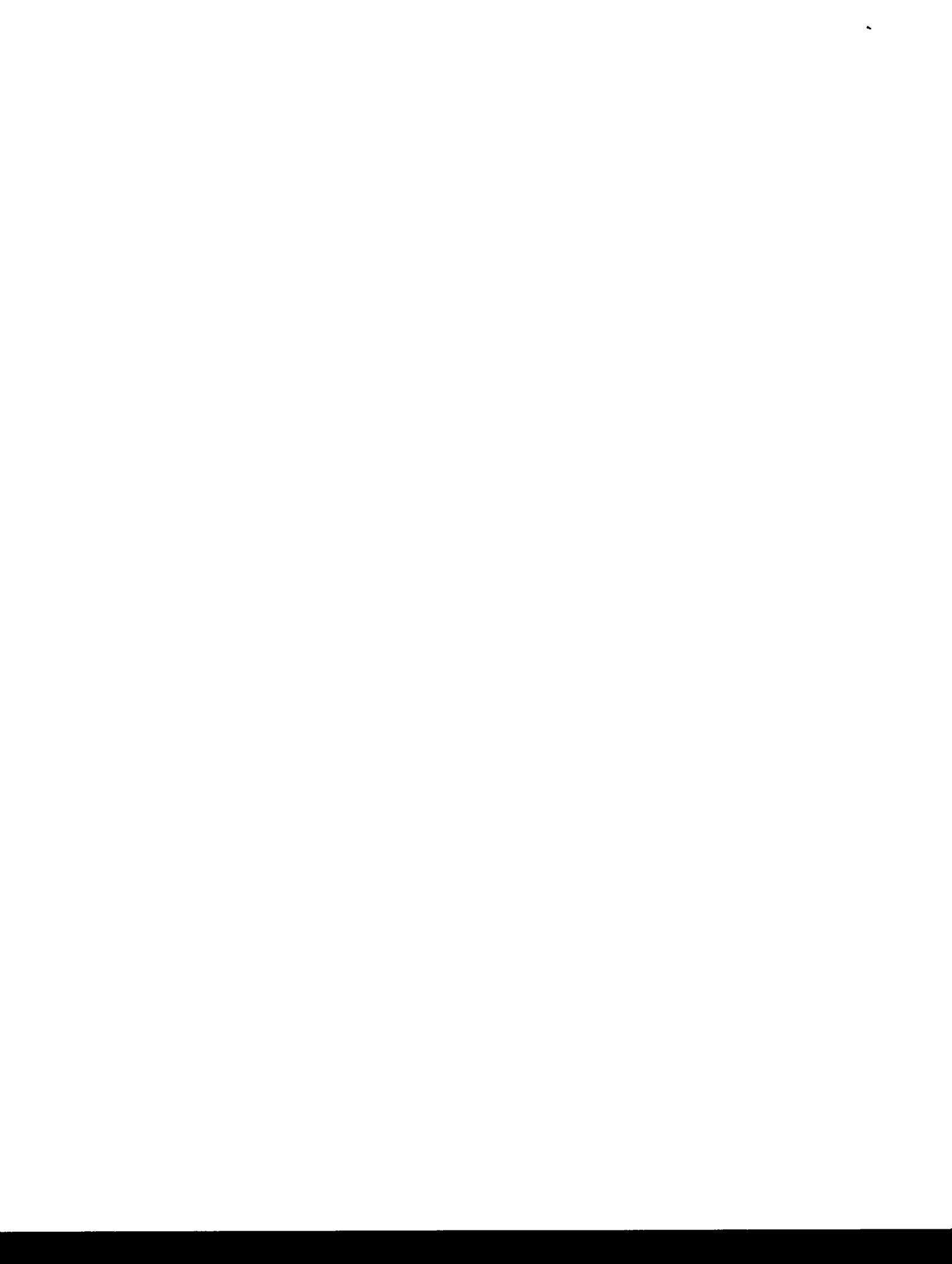
The National Labor Relations Board, which employs about 2,200 employees and, for Fiscal Year 1991, has an annual budget of approximately \$147,000,000, is an independent agency which was established in 1935 to administer the principal labor relations law of the United States, the Labor Management Relations Act. The provisions of the Act are generally applied, upon the filing of a petition or unfair labor practice charge, to all enterprises engaged in, or in activities affecting, interstate commerce, including health care institutions and the United States Postal Service, but excluding railroads and airlines.

The Agency implements national labor policy to protect the public interest by helping to maintain peaceful relations among employers, labor organizations and employees; encouraging collective bargaining; and, by providing a forum for all parties to peacefully resolve representation and unfair labor practice issues. This function is primarily carried out in two ways: (1) by conducting secret ballot elections to determine if a group of employees wishes to be represented for collective bargaining purposes by a labor organization, and (2) by preventing and/or remedying unfair labor practices committed by employers and unions.

The Chairman, four other Board Members and a General Counsel are appointed by the President with the advice and consent of the Senate. The Chairman and Board Members have staggered terms of 5 years each and the General Counsel has a 4-year term.

The Agency, headquartered in Washington, has 33 Regional Offices, some of which have Subregional and Resident Offices. This far-flung organization has handled unfair labor practice cases affecting hundreds of thousands of persons and has conducted representation elections in which millions of employees have decided whether they wished to be represented by a labor organization for collective bargaining purposes.

Prior to the creation of the Office of Inspector General (OIG) under the Inspector General Act of 1978, as amended, the Agency had a Security and Audit Branch under the Division of Administration. The audit function of that Branch is now contained within the OIG. The OIG Table of Organization provides for an Inspector General (IG); a Supervisory Auditor (who transferred to another agency just after the end of the reporting period); three Auditors (two of whom transferred to another agency during the reporting period); a Staff Assistant, who has not yet entered on duty; a Counsel to the IG who also serves as an Investigator; and, a Secretary to the Inspector General.



The OIG has established an audit universe, prioritized the elements of that universe, begun implementing those priorities, and has continued not only investigation of those employee complaints which have been brought to its attention, but also those investigations which have been self-initiated.

This semiannual report is the third issued by the OIG since the appointment of the IG.<sup>1</sup> One audit report issued in final form during this reporting period,<sup>2</sup> and five others issued in discussion draft form. The General Counsel commented on three of those discussion drafts after the conclusion of the reporting period<sup>3</sup> and the OIG awaits his comments on the other two.<sup>4</sup>

In addition, one investigation, jointly conducted with the Federal Bureau of Investigation, has resulted in a member of the Senior Executive Service: (1) entering a plea of guilty to two counts of theft of public money; (2) making restitution; (3) repaying a substantial travel advance; (4) retiring from the government service; (5) paying a substantial fine for failure to properly complete Financial Disclosure Reports; and, (6) agreeing to file amended Financial Disclosure Reports for the years 1982 through 1990. Sentencing occurred on April 8, 1991, after the conclusion of this reporting period, and the individual was sentenced to one year of unsupervised probation.

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<sup>1</sup> The initial semiannual report issued prior to the advent of the IG.

<sup>2</sup> Review of Controls Over Motor Vehicles and Gasoline Credit Cards.

<sup>3</sup> Review of Accountability and Control Over Imprest Funds and Travelers Checks; Review of National Labor Relations Board Remittances; and, Review of National Labor Relations Board Control Over Kastle Systems Security Cards. All three have been returned to the General Counsel for his formal comments.

<sup>4</sup> Review of Alleged Improprieties of an Employee's Travel Account and Review of Accountability and Control Over Travel Advances.



## INSPECTOR GENERAL SUMMARY

During the current reporting period, the OIG:

- - Initiated 6 investigations (exclusive of those referred to the General Counsel on the basis that they concerned purely programmatic matters) and 1 audit;
- - The 6 nonprogrammatic investigations initiated during this reporting period remain pending in the OIG;
- - Referred 3 matters to the General Counsel which were purely programmatic in nature and fell under the aegis of the General Counsel;
- - Of the 3 programmatic matters referred to the General Counsel during this reporting period, 3 are still pending;
- - Of the 4 programmatic matters referred to the General Counsel during the April 1, 1990 through September 30, 1990 reporting period, 1 is still pending;
- - Of the 5 programmatic matters referred to the General Counsel during the October 1, 1989 through March 31, 1990 reporting period, 2 are still pending;
- - The 1 matter referred to the General Counsel's Office of Equal Employment Opportunity during the October 1, 1989 through March 31, 1990 reporting period remained pending at the end of this reporting period;
- - During the reporting period, made 15 recommendations and/or suggestions to the Chairman and/or General Counsel for improving Agency programs, operations and activities;
- - Of the 15 recommendations and/or suggestions made during the reporting period, 9 are still pending;
- - Of the 5 recommendations and/or suggestions made during the reporting period April 1, 1990 through September 30, 1990, 3 remain pending;
- - Of the 5 recommendations and/or suggestions made during the reporting period October 1, 1989 through March 31, 1990, 1 remains pending; and,

- - Of the 9 recommendations and/or suggestions made during the reporting period April 1, 1989 through September 30, 1989, 1 remains pending.

The status of matters pending before the OIG at the end of the reporting period are as follows:

- - 13 audits and 3 inspections in progress;
- - 14 investigations in progress, excluding the 7 referred to the General Counsel during this and the prior reporting periods;
- - 7 programmatic matters referred to the General Counsel;
- - 1 matter referred to the General Counsel's Office of Equal Employment Opportunity; and,
- - 14 recommendations and/or suggestions pending action by the Chairman and/or General Counsel, 9 of which were made during the reporting period and 5 of which were made during prior reporting periods. Of the 5 pending since prior reporting periods, 3 have been agreed to, but not implemented or fully implemented.

## SECTION 1

### DESCRIPTION OF SIGNIFICANT PROBLEMS, ABUSES AND DEFICIENCIES RELATING TO ADMINISTRATION OF PROGRAMS AND OPERATIONS AND DESCRIPTION OF RECOMMENDATIONS FOR CORRECTIVE ACTION (MANDATED BY SECTION 5 (a) (1) AND (2) OF THE ACT)

As noted earlier, based upon referrals to both the Civil and Criminal Divisions of the United States Department of Justice in a prior reporting period, a member of the Senior Executive Service has: (1) entered a plea of guilty to two counts of theft of public money; (2) made restitution; (3) repaid a travel advance which was not reflected on that individual's travel advance control card; (4) retired from the government service; (5) paid a substantial fine for failure to properly complete Financial Disclosure Reports required under the Ethics in Government Act; and, (6) agreed to file amended Financial Disclosure Reports for the years 1982 through 1990. Sentencing occurred on April 8, 1991, after the conclusion of this reporting period, and the individual was sentenced to one year of unsupervised probation.

Aside from criminal intent, which is an essential ingredient of criminal behavior, the conduct culminating in the above was contributed to by several factors, among which were: (1) the absence of appropriate, internal controls which would have made the conduct less likely; (2) the unwillingness of certain subordinates to report that which they obviously knew to be improper, no matter how they may have justified their inaction; (3) an atmosphere, at least in the minds of some of those subordinates, which was less than conducive to reporting such conduct; (4) the failure of managers and supervisors to properly review the work of subordinates; and, (5) the absence of an instrumentality, such as the OIG, to whom such conduct, when suspected, could have been reported if there were a reluctance to report it through normal channels.<sup>5</sup>

One final audit report, entitled "Review of Controls Over Motor Vehicles and Gasoline Credit Cards," issued during this reporting period. (Audit Report No. OIG-AMR-10) The six recommendations made in that report, all of which were adopted by management, centered around establishing internal controls which will (1) facilitate better management of the Agency's resources, (2) provide a mechanism for assuring adherence to Agency policy and, (3) make less likely abuses such as those encountered in the investigation resulting in the criminal proceeding noted above.

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<sup>5</sup> All of the conduct in question arose prior to the establishment of the OIG.

## SECTION 2

### IDENTIFICATION OF EACH SIGNIFICANT RECOMMENDATION DESCRIBED IN PREVIOUS SEMIANNUAL REPORTS ON WHICH CORRECTIVE ACTION NOT COMPLETED (MANDATED BY SECTION 5 (a) (3) OF THE ACT)

Prior semiannual reports contained several recommendations for corrective action, only some of which have been acted upon to completion. Those on which some action remains to be taken are treated separately below.

#### UNUSED AIRLINE TICKETS

The semiannual report for the period April 1, 1989 through September 30, 1989 noted that an independent certified public accounting firm had conducted an audit of the Agency's Fiscal Year 1987 financial statements. Their management letter included a recommendation that accounts receivable established for reimbursement of unused airline tickets be removed from the books and all supporting documentation be forwarded to GSA for collection if refund checks were not received within the required time period. It was also recommended that uncollected accounts receivable which were not supported by the proper documentation (the unused airline tickets) be written off. The Agency began implementing those recommendations.

In its response to the previous semiannual report, the Agency noted that it contemplated completing the recommendations of the independent certified public accounting firm by December 31, 1990, however, as of the end of this reporting period, the OIG had not been apprised that the process had been completed.

#### FOLLOWUP MANAGER

Prior to the creation of the OIG, it had been the responsibility of the Agency's Audit Staff to conduct followups of audit findings. Upon the creation of the OIG, it absorbed the one remaining auditor, leaving no one to conduct followups of audit findings. Therefore, it was recommended in all previous semiannual reports that management assign this responsibility to other personnel. The Agency, in its response to the previous semiannual report, noted that the appointment of a followup manager has been delayed because of budgetary constraints. As of the end of this reporting period, the OIG had not been apprised of the appointment of a followup manager.

## AMENDMENT OF EMPLOYEE CODE OF CONDUCT (COOPERATION WITH OIG)

During the October 1, 1989 through March 31, 1990 reporting period, it was suggested by the OIG that the Agency's code of "Employee Responsibilities and Conduct" be amended to require employee cooperation with the OIG. The Agency advised that the suggestion was agreed to, that the amendment would be published in the Code of Federal Regulations (CFR) in July 1991, and, in its response to the immediately preceding semiannual report, noted that employees would be notified of the requirement prior to the CFR publication. By the end of this reporting period, the Agency had notified the employees of only one Division of the requirement

## OTHER SUGGESTIONS MADE ON WHICH ACTION STILL PENDING

Just prior to the commencement of this reporting period, the Agency converted from FEDCOUNT to DB-MARS (an integrated financial system of the National Transportation Safety Board). That conversion process resulted in the OIG making several recommendations, all of which, to the knowledge of the OIG, are still pending. However, because the Agency has concluded that the National Safety Transportation Board system (which had been in place less than one Fiscal Year) is inadequate for its purposes, those recommendations set forth below may have become moot

- 1 Issuing instructions to make certain that no FEDCOUNT data was lost in the conversion process;
2. Providing accounting technicians with 3 days of hands-on training as had been requested by the supplier of DB-MARS;
- 3 Providing training to the budget staff to enable them to write reports using the new system; and,
4. The appointment of a facilitator to better effectuate communication among budget, accounting and systems personnel

The following were also suggested or recommended by the OIG during the reporting period and the OIG has not been apprised of any final action taken:

- 1 The Financial Management Branch provide each Agency entity with the amount authorized for each object classification for that entity and then provide monthly data regarding expenditures/obligations by a reasonable period after each month end;
2. Each Agency entity be required, after being supplied with that data, to enter it in a spreadsheet which will display the total amount for each object

classification, the amount obligated and the balance at each month end, thus facilitating the Agency's ability to know, at any given time, where it stands with respect to its expenditures;

3. A government-obtained credit card which had been used by an employee for personal reasons, in contravention of the agreement with the credit card issuer, be voided, or at least withdrawn, pending completion of a criminal referral to the Department of Justice on related matters;
4. At a minimum, each person who aided and abetted an employee charged with criminal conduct be advised about their obligation to report such conduct; and,
5. Assuming, for the sake of argument, that substantial amounts of waste, fraud and abuse go undetected for fear of reprisal, the adoption of an OIG Exit Interview form was suggested which would be completed by all employees terminating employment with the Agency to facilitate communication with the OIG about waste, fraud and abuse, which information the employees may have been reluctant to share while still actively employed.

SECTION 3

SUMMARY OF MATTERS REFERRED TO PROSECUTIVE AUTHORITIES  
AND RESULTANT PROSECUTIONS AND CONVICTIONS  
(MANDATED BY SECTION 5 (a) (4) OF THE ACT)

The OIG had earlier referred a matter to both the Civil and Criminal Divisions of the United States Department of Justice and a second matter to the Criminal Division.

Based upon the referrals to the Criminal Division, resulting from a joint investigation undertaken by the OIG and the Federal Bureau of Investigation, a member of the Senior Executive Service has: (1) entered a plea of guilty to two counts of violating the misdemeanor provision of Title 18, United States Code, Section 641 (Theft of Public Money); (2) made restitution to the Agency in the amount of \$6,000; (3) repaid an outstanding travel advance in the amount of \$1,200; and, (4) retired from the government service. Sentencing occurred on April 8, 1991, after the conclusion of this reporting period, and the individual was sentenced to one year of unsupervised probation.

Based upon the referral to the Civil Division, the same employee has paid a fine of \$4,000 for (1) the failure, for two years, to file Financial Disclosure Reports required by the Ethics in Government Act; and, (2) the further failure to reflect in those Reports which were filed the existence of federal tax liabilities in a number of years. Based upon the above, the employee has agreed to file amended Financial Disclosure Reports for the years 1982 through 1990.

## SECTION 4

### SUMMARY OF EACH REPORT TO ESTABLISHMENT HEAD CONCERNING INFORMATION OR ASSISTANCE UNREASONABLY REFUSED OR NOT PROVIDED (MANDATED BY SECTION 5 (a) (5) OF THE ACT)

Section 5 (a) (5) of the Act requires the OIG to include in a semiannual report a summary of each report made to the head of the establishment under Section 6 (b) (2) during the reporting period. Section 6 (b) (2), in turn, authorizes an Inspector General to report to the head of the establishment whenever information or assistance requested under subsection (a) (1) or (3) is, in the judgement of an Inspector General, unreasonably refused or not provided. The subsections referred to authorize an Inspector General to have access to, in effect, all documentation or other material available to the establishment which relate to programs and operations with respect to which the Inspector General has responsibilities under the Act, and authorize an Inspector General to request such information or assistance as may be necessary for carrying out the duties and responsibilities provided by the Act from any Federal, State, or local governmental agency or unit.

During the reporting period, the OIG, in connection with an audit it was conducting, requested a computer-produced Travel Report for Selected Employees (T401) for Fiscal Years 1984 through May 31, 1990, included among whom was the name of the prime suspect in an ongoing criminal investigation.

The OIG was then informed by the contractor who provided the Agency with the service that the electronic records prior to Fiscal Year 1989 had been destroyed and did not know at the time if the destruction was brought about as a result of a problem with the storage medium or whether it had been ordered by someone.

Later, the Financial Management Branch delivered to the OIG the report requested of the contractor, but instead of being a report for Fiscal Years 1984 through May 31, 1990, as requested, it was only for Fiscal Years 1988 and 1989.

These facts were reported to the Chairman and General Counsel with a request for assistance in ascertaining: (1) whether the records had been destroyed, and (2) if so, who or what was responsible. The OIG also asked if the records had not been destroyed, whether our request for information could be promptly honored.

It was subsequently learned that the computer program was designed to automatically delete electronic information older than two years.

Although the destruction of the above electronic records appears justified by current regulations, given the fact that hard copy is available, Congress may want to consider whether retaining hard copy instead of an electronic record makes sound management sense. An electronic record can be readily searched and manipulated by computer, saving untold staff hours of work, and also takes substantially less space to store than hard copy

SECTION 5

LIST OF EACH AUDIT REPORT ISSUED  
(MANDATED BY SECTION 5(a)(6) OF THE ACT)

Dollar Value (in thousand \$)

<u>AUDIT</u> <u>BY</u> <u>TYPE</u>	<u>REPORT</u> <u>NUMBER</u>	<u>QUESTIONED</u> <u>COSTS</u>	<u>UNSUPPORTED</u> <u>COSTS</u>	<u>RECOMMENDATIONS</u> <u>THAT FUNDS BE</u> <u>BETTER SPENT</u>
Management Review	OIG-AMR-10	-0-	-0-	\$1

## SECTION 6

### SUMMARY OF EACH SIGNIFICANT AUDIT REPORT IN SECTION 5 (MANDATED BY SECTION 5 (a) (7) OF THE ACT)

#### Review of Controls Over Motor Vehicles and Gasoline Credit Cards, (OIG-AMR-10; February 8, 1991)

During this audit, we found incomplete vehicle logs and incorrectly completed or missing daily vehicle usage reports for Agency vehicles. We also found gasoline charges for vehicles which ostensibly were other than official Agency vehicles, incomplete records of gasoline purchases and, contrary to Agency policy, purchases of full-service, high test gasoline.

Six recommendations were made in this report and all have been adopted and implemented by the Agency. Five of the recommendations pertained to strengthening internal controls and procedures over Agency vehicles and related gasoline purchases. The sixth recommendation was to require purchase, in accordance with Agency policy, of the cheapest, self-service gasoline available which will result in several hundred dollars of funds available to be put to better use.

Gasoline charges to other than Agency vehicles were referred for an investigation. The preliminary results of that investigation disclosed that those charges primarily relate to official rental vehicles. Although the investigation is not yet complete, it reaffirmed our recommendation for stronger controls over gasoline credit cards.

SECTION 7

STATISTICAL TABLES OF AUDIT REPORTS  
CONCERNING QUESTIONED AND UNSUPPORTED COSTS  
(MANDATED BY SECTION 5 (a) (8) OF THE ACT)

	<u>Number</u>	<u>Dollar Value (in thousand \$)</u>	
		<u>Questioned</u> <u>Costs</u>	<u>Unsupported</u> <u>Costs</u>
A. Reports for which no management decision had been made by the beginning of the reporting period	-0-		
B. Findings in reports issued during the reporting period	-0-		
Subtotal (A + B)	-0-		
C. For which a management decision was made during the reporting period	-0-		
(i) Disallowed costs	-0-		
(ii) Costs not disallowed	-0-		
D. For which no management decision has been made by the end of the reporting period	-0-		

SECTION 8

STATISTICAL TABLES OF AUDIT REPORTS  
CONCERNING RECOMMENDATIONS THAT FUNDS BE PUT TO BETTER USE  
(MANDATED BY SECTION 5 (a) (9) OF THE ACT)

	<u>Number</u>	<u>Dollar Value (in thousand \$)</u>
		Recommendations That Funds Be Put To Better Use
A. Reports for which no management decision had been made by the beginning of the reporting period	-0-	-0-
B. Findings in reports issued during the reporting period	-1-	\$1
Subtotal (A + B)	-1-	\$1
C. For which a management decision was made during the reporting period	-1-	\$1
(i) Recommendations agreed to by management	-1-	\$1
(ii) Recommendations 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-

SECTION 9

SUMMARY OF EACH AUDIT REPORT ISSUED  
BEFORE REPORTING PERIOD FOR WHICH NO MANAGEMENT DECISION  
MADE BY END OF REPORTING PERIOD  
(MANDATED BY SECTION 5 (a) (10) OF THE ACT)

Not applicable.

SECTION 10

DESCRIPTION AND EXPLANATION OF REASONS FOR ANY  
SIGNIFICANT REVISED MANAGEMENT DECISION  
MADE DURING THE REPORTING PERIOD  
(MANDATED BY SECTION 5 (a) (11) OF THE ACT)

During the reporting period, no significant revised management decisions were made.

SECTION 11

INFORMATION CONCERNING ANY SIGNIFICANT MANAGEMENT DECISIONS  
WITH WHICH INSPECTOR GENERAL IS IN DISAGREEMENT  
(MANDATED BY SECTION 5 (a) (12) OF THE ACT

During the reporting period, there were no significant management decisions with which the Inspector General disagreed.