EXECUTIVE SUMMARY

I hereby submit this Semiannual Report for the period April 1, 2023 – September 30, 2023. 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, 5 U.S.C. § 405(c). The Inspector General Act, as amended, requires that the National Labor Relations Board transmit the 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, including the annual review required by the Federal Information Security Modernization Act, and completed the Payment Integrity Information Act of 2019 report to Congress and the Office of Management and Budget. In the investigation program, we processed 42 contacts, initiated six investigations, and issued two reports. One employee received a Written Memorandum of Counseling. Four matters were referred to the appropriate U.S. Attorney’s Office.

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

David Berry
Inspector General
October 27, 2023
This report was produced by OIG personnel using a standard copier and supplies.
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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 (NLRA) 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 protect and implement employees’ free choice 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.

During this reporting period, Member Lauren M. McFerran continued to serve as Chairman with Members Marvin E. Kaplan, Gwynne A. Wilcox, and David M. Prouty. On August 27, 2023, Member Wilcox’s term ended. On September 6, 2023, Member Wilcox was confirmed for a second term ending August 27, 2028. General Counsel Jennifer A. Abruzzo continued to serve in that position.

The NLRB Headquarters is located at 1015 Half Street, SE, Washington, DC. In addition to the Headquarters building, the NLRB has 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


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, and four auditors. Additionally, the OIG staff is augmented by contract auditors.
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, we issued two audit reports, including the annual review required by the Federal Information Security Modernization Act (FISMA), and completed the Payment Integrity Information Act of 2019 report to Congress and the Office of Management and Budget (OMB).

We issued Audit Report OIG-AMR-99-23-02, **Procurement Process**, on April 14, 2023. The Office of the Chief Financial Officer’s Acquisitions Management Branch performs the acquisition function for the NLRB. The objectives of the audit were to evaluate the internal controls over the acquisition process and to determine whether procurements are executed in accordance with the Federal Acquisition Regulation (FAR). The scope was procurement awards and modifications executed during Fiscal Year (FY) 2021 and FY 2022 first quarter that were above the micro-purchase level, excluding any Office of Inspector General procurements.

In general, we determined that the Acquisitions Management Branch lacked sufficient internal controls over the acquisition process and to ensure that its procurement actions were processed in compliance with the FAR. We made three recommendations for corrective action. In the Management Comments, the Chief Financial Officer concurred with the recommendations.

We issued Audit Report OIG-AMR-103-23-03, **Federal Information Security Modernization Act Audit for Fiscal Year 2023**, on September 8, 2023. The audit was completed to meet the FISMA annual review requirement of the Agency’s information technology controls for compliance with Federal standards. The audit was performed by an independent public accounting firm. In the report, the auditors stated that, based upon the FY 2023 Inspector General metrics, the Agency’s overall assessed maturity was Optimized with four security functions at the Optimized level and one function at the Managed and Measurable level. The auditor’s testing did not identify any deficiencies with respect to the effectiveness of the NLRB’s security program and practices, and the NLRB received an overall rating of effective.

On May 9, 2023, we complied with the provisions of the **Payment Integrity Information Act of 2019** and reported to the Congress and OMB documenting our review of the Agency’s improper payment reporting in the Performance and Accountability Report. We concurred with the Agency’s determination that the NLRB does not have a risk of significant improper payments.
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 42 contacts, initiated six investigations, and issued two reports. One employee received a Written Memorandum of Counseling. Four matters were referred to the appropriate U.S. Attorney’s Office.

### Case Workload

<table>
<thead>
<tr>
<th>Case Workload</th>
<th>Contacts Processed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Open (4/1/2023)</td>
<td>Received</td>
</tr>
<tr>
<td>4</td>
<td>42</td>
</tr>
<tr>
<td>Initiated</td>
<td>Initiated Investigation</td>
</tr>
<tr>
<td>6</td>
<td>1</td>
</tr>
<tr>
<td>Closed</td>
<td>Opened Case -- Referred to Agency</td>
</tr>
<tr>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>Open (9/30/2023)</td>
<td>Non-Investigative Disposition</td>
</tr>
<tr>
<td>6</td>
<td>41</td>
</tr>
</tbody>
</table>

### Investigative Highlights

In a prior reporting period, we initiated an investigation involving allegations that an NLRB employee engaged in bribery, wire fraud, and conspiracy. During this reporting period, prosecution of the matter continued. (OIG-I-558)

We initiated an investigation involving a Representation case to determine if the case record was complete and whether the management of the election was appropriate, negligent, or gross mismanagement. We determined that there were no deletions of relevant documents from the case record, but that not all case-related records were timely uploaded into the case file to allow for proper supervision. We also found that the case file did not contain records related to the communication between the Regional Director and Regional personnel. We determined that the management of the election was “gross mismanagement.” We also found that the Regional Director lacked appropriate candor when interviewed. We issued a report to Management. The Regional Director received a Written Memorandum of Counseling. We closed the case. (OIG-I-569)

We initiated an Anti-deficiency Act investigation regarding the Agency’s processing of a Congressional subpoena. We determined that there was no basis to find a violation. We closed the case. (OIG-I-572)

In a prior reporting period, we received an allegation on the Hotline that an NLRB employee used a controlled substance in the workplace. After an initial inquiry, during this reporting period, we referred the allegation to the Agency. The Agency’s investigation did not substantiate the allegation. We closed the case. (OIG-I-573)

We initiated a number of proactive investigations based on a review of NLRB employees’ Social Security numbers and a comparison to information in pandemic relief programs’ databases. Based on that review, we identified a number of NLRB employees who may have improperly received pandemic relief
loans or grants. For one employee, we determined that the allegation was unsubstantiated, and we closed the case. For another employee, we found the allegation was substantiated. The appropriate U.S. Attorney’s Office declined prosecution. We issued a report to Management for a determination regarding appropriate administrative action. Additional investigations are pending. (OIG-I-570, OIG-I-576, and OIG-I-577)

**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 42 Hotline contacts, of which 13 were telephone calls or walk-ins and 29 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. We no longer include those calls in our Hotline statistics. 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 their impact 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. During the current Congress, 24 legislative proposals have been introduced that would amend the NLRA or otherwise impact the programs and operations of the Agency:

- H.R. 721 Union Integrity Act;
- H.R. 1200 & S. 532 National Right-to-Work Act;
- H.R. 1447 & S. 710 Striking and Locked Out Workers Healthcare Protection Act;
- H.R. 2043 A bill that provides for limitations on availability of funds for the NLRB;
- H.R. 2700 & S. 1201 Employee Rights Act;
- H.R. 2826 & S. 1261 Save Local Business Act;
- H.R. 3400 Small Businesses before Bureaucrats Act;
- H.R. 3833 & S. 991 National Labor Relations Board Reform Act;
- H.R. 3834 Workforce Democracy and Fairness Act;
- H.R. 4320 Truth in Employment Act of 2023;
- H.R. 5351 & S. 2724 Nationwide Right to Unionize Act;
- H.R. 5513 A bill that would clarify standards for determining whether an individual is an employee under the NLRA;
- S. 2113 PLUS Act of 2023; and
- S. 2159 21st Century Worker Act.
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). The organization consists of the Inspectors General within the Federal government and other individuals in positions designated by the Inspector General Act, 5 U.S.C. § 424(b). The Inspector General participates on CIGIE’s Audit and Budget committees. The Inspector General is also one of four Inspectors General designated by CIGIE to be a member of the Comptroller General’s Advisory Council on Government Auditing Standards.


U.S. 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 U.S. Government Accountability Office (GAO), with a view toward avoiding duplication and ensuring effective coordination and cooperation. During this reporting period, there were no matters that required coordination with GAO.
INFORMATION REQUIRED BY THE LAW

Information Required by the Inspector General Act, as amended

Certain information and statistics are required by the Inspector General Act, 5 U.S.C. § 405(b), to be included in the semiannual report:

(1) Other than as reported in the 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.

(2) Description of recommendations for corrective action made during the reporting period:

<table>
<thead>
<tr>
<th>Audit No.</th>
<th>Audit</th>
<th>Issued</th>
<th>Management Decision</th>
<th>Rec #</th>
<th>Recommendation with any Aggregate Cost Savings Noted</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 1, 2023 – September 30, 2023</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OIG-AMR-99-23-02</td>
<td>Procurement Process</td>
<td>4/14/2023</td>
<td>4/14/2023</td>
<td>1</td>
<td>Develop internal controls to address deficiencies that resulted in noncompliance with the FAR and identified in the Internal Control Matrix.</td>
</tr>
<tr>
<td>OIG-AMR-99-23-02</td>
<td>Procurement Process</td>
<td>4/14/2023</td>
<td>4/14/2023</td>
<td>2</td>
<td>Provide training to AMB staff regarding its internal controls as they relate to compliance with the FAR.</td>
</tr>
<tr>
<td>OIG-AMR-99-23-02</td>
<td>Procurement Process</td>
<td>4/14/2023</td>
<td>4/14/2023</td>
<td>3</td>
<td>Develop a system of supervisory review that will identify apparent instances of noncompliance with the FAR and AMB’s internal control processes.</td>
</tr>
</tbody>
</table>

(3) For each audit, inspection, or evaluation issued before the commencement of the reporting period, the following are the outstanding unimplemented recommendations:

<table>
<thead>
<tr>
<th>Audit No.</th>
<th>Audit</th>
<th>Issued</th>
<th>Management Decision</th>
<th>Rec #</th>
<th>Recommendation with any Aggregate Cost Savings Noted</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2021</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OIG-AMR-95-21-03</td>
<td>DATA Act</td>
<td>8/30/2021</td>
<td>8/30/2021</td>
<td>1</td>
<td>Develop and implement internal controls to ensure that: a. Procurement data in the financial system is recorded in an accurate and timely manner; b. Procurement actions are reported into FPDS-NG within the time requirement set out in the FAR; and c. There is a documented process of procurement data quality control that enables the SAO to reasonably provide assurances of validity, reliability, and completeness of the DATA Act submission. The process should include adequate segregation of duties and address the errors in the crosswarning report.</td>
</tr>
<tr>
<td>Audit No.</td>
<td>Audit</td>
<td>Issued</td>
<td>Management Decision</td>
<td>Rec #</td>
<td>Recommendation with any Aggregate Cost Savings Noted</td>
</tr>
<tr>
<td>-----------------</td>
<td>----------------------</td>
<td>----------</td>
<td>---------------------</td>
<td>-------</td>
<td>-----------------------------------------------------</td>
</tr>
<tr>
<td><strong>FY 2022</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OIG-AMR-94-22-02</td>
<td>NxGen Data Accuracy</td>
<td>11/16/2021</td>
<td>11/16/2021</td>
<td>1</td>
<td>Develop and implement a quality review process at the local Regional Office level that includes review of the data at key points during the case life cycle.</td>
</tr>
<tr>
<td>OIG-AMR-94-22-02</td>
<td>NxGen Data Accuracy</td>
<td>11/16/2021</td>
<td>11/16/2021</td>
<td>4</td>
<td>Develop and implement a training program that focuses on NxGen data quality controls and processes. This program should include new employee NxGen orientation, periodic refresher training, and supervisory data quality review.</td>
</tr>
<tr>
<td><strong>FY 2023</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OIG-F-27-23-01 (ML)</td>
<td>Audit of NLRB Fiscal Year 2022 Financial Statements – Management Letter</td>
<td>12/9/2022</td>
<td>12/9/2022</td>
<td>4</td>
<td>Ensure monitoring of expired contracts is performed on a quarterly basis, contract closeout procedures are initiated, and open balances are de-obligated in a timely manner.</td>
</tr>
</tbody>
</table>

(4) Four matters involving false statements and/or fraud allegations were referred to appropriate prosecutorial authorities. There were no convictions during the reporting period.

(5) No reports were made to the Board pursuant to 5 U.S.C. § 406(c)(2).

(6) & (7) The following audit, inspection, and evaluation reports were issued during the reporting period, a summary of each report is found at the Audit Program section:

<table>
<thead>
<tr>
<th>Subject Matter and Title</th>
<th>Questioned Costs</th>
<th>Unsupported Costs</th>
<th>Funds To Be Put To Better Use</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mission Support</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Procurement Process</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OIG-AMR-99-23-02</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Mission Support</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NLRB FISMA Audit for Fiscal Year 2023</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>OIG-AMR-103-23-03</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### (8) Statistical Table of Reports with Questioned Costs:

<table>
<thead>
<tr>
<th></th>
<th>Number of Reports</th>
<th>Questioned Costs</th>
<th>Unsupported Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. For which no management decision has been made by the commencement of the period.</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>B. Which were issued during the reporting period.</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Subtotals (A+B)</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>C. For which a management decision was made during the reporting period.</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>(i) Dollar value of disallowed costs.</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>(ii) Dollar value of costs not disallowed.</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>D. For which no management decision has been made by the end of the reporting period.</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>Number of Reports</th>
<th>Funds Be Put To Better Use</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. For which no management decision has been made by the commencement of the period.</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>B. Which were issued during the reporting period.</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Subtotals (A+B)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>C. For which a management decision was made during the reporting period.</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>(i) Dollar value of recommendations that were agreed to by management.</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>(ii) Dollar value of recommendations that were not agreed to by management.</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>D. For which no management decision has been made by the end of the reporting period.</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

(10) There were no audit, inspection, or evaluation reports that were issued before the commencement of the reporting period for which no management decision has been made by the end of the reporting period or for which comment on the report was not received within 60 days of providing the report to the Agency. A list of any unimplemented recommendations is provided at paragraph 3; however, there are no potential cost savings associated with those recommendations.

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

(12) There were no significant management decisions with which the Inspector General was in disagreement.

(13) There is no information to report under the requirements of section 804(b) of the Federal Financial Management Improvement Act of 1996.

(14) & (15) Peer review of the audit program was conducted by the Office of Inspector General, National Credit Union Administration. The peer review report was issued on November 17, 2020. 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 a peer review during the reporting period.

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

<table>
<thead>
<tr>
<th>Investigative Reports Issued</th>
<th>Number of Persons Referred to DOJ</th>
<th>Number of Persons Referred to State or Local Prosecutors</th>
<th>Total Number of Indictments and Criminal Informations</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2</td>
<td>4</td>
<td>0</td>
</tr>
</tbody>
</table>

(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) There was one investigation conducted in a prior reporting period that remained open during this reporting period involving a senior Government employee (GS 15 or above) where an allegation of misconduct was substantiated. 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.

Facts and Circumstances of the Investigation.

OIG-I-569

We investigated an allegation that a senior Government employee engaged in mismanagement of a representation election. Our investigation substantiated the allegation and that the employee lacked appropriate candor when interviewed.

Status and Disposition of the Matter

We issued an administrative report, dated July 7, 2023, substantiating the allegation. On August 23, 2023, the employee received a Written Memorandum of Counseling.

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

(21) There were no attempts by the establishment to interfere with the independence of the OIG that involved budget constraints designed to limit the capabilities of the OIG or incidents when it was apparent that 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) All investigations that were closed during the reporting period, including investigations of senior Government officials, are reported in the Investigation Program section of this report.

Annex on Completed Contract Audit Reports

Section 845 of the 2008 Defense Authorization Act, Public Law 110-181, requires certain information on completed contract audit reports containing significant audit findings to be included as an annex to this report. Although the OIG conducts audit work involving contracts, the audits are generally program audits rather than contract audits.
APPENDIX – NLRB OIG Peer Review Report
Office of Inspector General

System Review Report

November 17, 2020

To David Berry, Inspector General
National Labor Relations Board

We have reviewed the system of quality control for the National Labor Relations Board (NLRB) Office of Inspector General (OIG) in effect for the year ended September 30, 2020. A 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 in all material respects with Government Auditing Standards and applicable legal and regulatory requirements. The elements of quality control are described in Government Auditing Standards. NLRB OIG is responsible for establishing and maintaining a system of quality control designed to provide NLRB OIG with reasonable assurance that the organization and its personnel comply in all material respects with professional standards and applicable legal and regulatory requirements. Our responsibility is to express an opinion on the design of the system of quality control and NLRB OIG’s compliance based on our review.

In our opinion, the system of quality control for the audit organization of NLRB OIG in effect for the year ended September 30, 2020, has been suitably designed and complied with to provide NLRB OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards and applicable legal and regulatory requirements 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.

Our review was conducted in accordance with Government Auditing Standards and the CIGIE Guide for Conducting Peer Reviews of Audit Organizations of Federal Offices of Inspector General. During our review, we 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 GAGAS engagements and administrative files to test for conformity with professional standards and compliance with NLRB OIG’s system of quality control. The GAGAS engagements selected represented a reasonable cross-section of the NLRB OIG audit organization, with an emphasis on higher-risk engagements. 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 GAGAS
engagements. 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; therefore,
noncompliance with the system of quality control may occur and may 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 engagements we reviewed.

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 Council of the Inspectors General on Integrity and Efficiency (CIGIE)
related to NLRB OIG’s monitoring of engagements conducted in accordance with generally
accepted government auditing standards (GAGAS engagements) by Independent Public
Accountants (IPAs) under contract where the IPA served as the auditor. It should be noted
that monitoring of GAGAS engagements 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; accordingly, we do not express an opinion on NLRB
OIG’s monitoring of work performed by IPAs.

Enclosure 2 to this report is NLRB OIG’s response to our review.

/s/
James Hagen, 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 3 of 14 engagements reports issued from October 1, 2017 through September 30, 2020. We also reviewed the internal quality control reviews performed by NLRB OIG.

In addition, we reviewed NLRB OIG’s monitoring of GAGAS engagements performed by IPAs where the IPA served as the auditor from October 1, 2017, through September 30, 2020. During the period, NLRB OIG contracted for five audits that were to be performed in accordance with Government Auditing Standards.

Reviewed Audit Engagements Performed by the NLRB OIG:

<table>
<thead>
<tr>
<th>Report No.</th>
<th>Report Date</th>
<th>Report Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>OIG-AMR-88-20-03</td>
<td>12/10/2019</td>
<td>Backpay Accounting</td>
</tr>
<tr>
<td>OIG-AMR-91-20-04</td>
<td>09/16/2020</td>
<td>Fiscal Year 2019 Budget Execution</td>
</tr>
</tbody>
</table>

Reviewed Monitoring Files of the NLRB OIG for Contracted Engagements:

<table>
<thead>
<tr>
<th>Report No.</th>
<th>Report Date</th>
<th>Report Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>OIG-F-24-20-01</td>
<td>11/15/2019</td>
<td>Fiscal Year 2019 Financial Statements</td>
</tr>
</tbody>
</table>
United States Government
NATIONAL LABOR RELATIONS BOARD
OFFICE OF INSPECTOR GENERAL
Washington, DC 20570-0001

November 16, 2020

James W. Hagen
Inspector General
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

Dear Mr. Hagen:

Thank you for the opportunity to comment on the Draft System Review Report, dated November 16, 2020, on the National Labor Relations Board’s Office of Inspector General’s audit organization for the period ended September 30, 2020. We are pleased that your independent review of our audit organization resulted in a rating of pass and concluded that our system of quality control was suitably designed and complied with to provide reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects.

We appreciate the efforts of your office in conducting this review.

Sincerely,

David Berry
Inspector General
Report
Fraud, Waste, and Abuse

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