

UNITED STATES GOVERNMENT  
NATIONAL LABOR RELATIONS BOARD  
Office of Inspector General

MEMORANDUM

DATE: February 18, 1993

TO : Chairman James M Stephens  
General Counsel Jerry M. Hunter

FROM : Acting Inspector General Michael Griffith \$

SUBJECT: Final Audit Report - "Review of the National Labor Relations Board's Compliance With Section 4 of the Federal Managers' Financial Integrity Act"  
Audit Report No. OIG-AMR-15

We have completed the above referenced audit. Although the subject matter of the report originated on the General Counsel's side of the Agency, a copy is being provided to each of you should the Chairman receive inquiries concerning the report.

There are no recommendations requiring a response, therefore, a draft report will not be issued. The Agency was in conformance with Section 4 of the Federal Managers' Financial Integrity Act. Please contact us if you have any questions regarding the following details of this report.

**BACKGROUND.** The National Labor Relations Board (NLRB) is headquartered in Washington, DC, and has 33 Regional Offices, several of which have Subregional and/or Resident Offices. The Agency employs about 2,200 people and has an annual appropriation of approximately \$170,000,000. Presently, the Agency utilizes five financial systems or sub-systems.

Section 4 of the Federal Managers' Financial Integrity Act (FMFIA) of 1982, Public Law 97-255, requires that the head of each agency report to the President and the Congress on whether the agency's accounting system conforms to appropriate accounting principles and standards. The intent of FMFIA Section 4 is to provide agency managers with a framework for self-analysis of financial systems and sub-systems and to report the results of this analysis to the agency heads, who in turn report to the President and the Congress. The NLRB has a FMFIA Review Committee that administers the requirements of the FMFIA plan and provides technical guidance to the managers of systems.

**OBJECTIVES AND SCOPE.** The purpose of this audit was to ascertain whether the NLRB was in conformance with Section 4 of the FMFIA which requires agencies to develop, operate, evaluate and report on financial systems. Our audit scope was Fiscal Years 1990 and 1991. Specifically, the audit was conducted to determine if the

Agency met the requirements of establishing and maintaining an inventory of financial systems. During the audit the Agency's inventory of assessable units was evaluated against criteria established by the Office of Management and Budget (OMB). We examined compliance with applicable laws and regulations including OMB Circular A-127. Audit field work was performed at Headquarters during the period of June through December 1992. This audit was performed in accordance with generally accepted Government auditing standards.

**RESULTS OF AUDIT.** The NLRB was in conformance with Section 4 of the FMFIA. Two findings were noted. The Agency has taken or was implementing actions which rectify the two findings.

- o The Agency's Financial Management Information Accounting System (FMIAS) interfaces with four other financial systems as defined by the Agency. There was not adequate documentation setting forth the nature and extent that FMIAS interfaces with three of the Agency's four sub-systems. FMIAS documentation is being developed by personnel in the Division of Administration, with June 30, 1993 as their estimated completion date. We were informed that the documentation will provide the nature and extent of the interfacing between FMIAS and the other financial systems.
- o Prior to Fiscal Year 1993 the NLRB's financial systems had not been reviewed in detail by the Agency official with FMFIA responsibility for that system. Documentary evidence should identify the personnel involved and their roles, the review methods used, testing and related results, and the conclusions reached. FMIAS and three of the Agency's other four financial systems were reviewed by the appropriate managers in detail during early Fiscal Year 1993. The one system which was not subject to a detailed review is scheduled for modification during Fiscal Year 1993.