

**UNITED STATES GOVERNMENT
National Labor Relations Board
Office of Inspector General**



Memorandum

To William G. Stack Date: March 29, 1995
Associate General Counsel

From John E. Higgins, Jr.
Acting Inspector General

Subject Final Audit Report - "Review of the Quality Control Program Over Casehandling"
Audit Report No. OIG-AMR-17

Enclosed is a copy of the Office of Inspector General (OIG) audit report in the above referenced matter. A copy of this report is being provided to both the Chairman and the General Counsel in case either of them should receive inquiries concerning the report. A draft of the report was submitted to you for your comment. The comments were considered in preparing this final report and are included in their entirety as Exhibit A.

The report presents the results of an OIG audit which determined that the National Labor Relations Board has an effective quality control program from which management can obtain reasonable assurances that casehandling standards are being followed. We believe that the program can be improved by the four recommendations that were made in the report and with which management concurred.

We request that you provide an action plan which implements the audit recommendations. The action plan should set forth specific actions which implement each recommendation and a schedule for their implementation. Your action plan should be submitted to the Supervisory Auditor within 60 days of this report.

We appreciate the cooperation extended to the OIG, specifically to Auditor Joseph Young, during the conduct of this audit. Should you have any questions or comments concerning this report, please do not hesitate to call upon us.


J. E. H.

cc: Chairman William B. Gould, IV
General Counsel Frederick L. Feinstein

AUDIT REPORT

Office of Inspector General

REVIEW OF THE QUALITY CONTROL PROGRAM OVER CASEHANDLING



National Labor Relations Board

AUDIT OIG-AMR-17

Issued: MARCH 29, 1995

I. FINDINGS AND RECOMMENDATIONS

This report presents an assessment of the General Counsel's quality control program; a program intended to ensure that Regional Offices handle cases in conformance with established standards. Casehandling relates to representation and unfair labor practice matters filed with the Agency. During Fiscal Year 1993, about 40,000 cases were closed by the Agency's 33 Regional Offices. Our audit scope was October 1, 1990 through June 30, 1994. We have made overall findings with respect to the program and, notwithstanding our conclusion that this is a sound quality control system, we believe that it can be improved by the changes we are recommending.

A. Findings Overall

We conclude that the Division of Operations-Management (DOM) has an effective quality control program from which management can obtain reasonable assurances that casehandling standards are being followed.

General Counsel casehandling policies and procedures have been codified and widely disseminated to Agency personnel. On an annual basis the DOM evaluates the casehandling in all the Regional Offices of the Agency to determine the level of compliance by the Regions with those policies and procedures. The primary method used in these evaluations is review of closed case files and the number and mix of closed cases to be reviewed is determined by a formula which produces a representative sample of Regional casehandling. The DOM officials responsible for conducting the quality control reviews are either at the Senior Executive Service level (4 positions) or Grade 15 level (10 positions). All of these officials have extensive experience with the NLRB as either field attorneys or examiners. Checklists, i.e., guides on what to look for, were developed and are available for use by those officials conducting quality control reviews. Each Region is issued a formal report summarizing the results of the evaluation of that particular office and those results are directly linked to the annual performance appraisal of each Regional Director.

In sum, this quality control program not only provides reasonable assurances that standards are maintained but it is also administered by experienced casehandlers and is integrated with the Agency's performance evaluation system.

B. Recommendations

We are making four recommendations for change, two of which involve case selection for review and two of which relate to the types of cases selected.

1. Case Selection

First, we believe that DOM should modify the methods by which cases are selected for review. Currently, three methods are being utilized and it is left to the reviewing official to determine the method to be used. One method allows for the Regions to select those cases which

will be submitted for review by DOM officials. Under the other two methods DOM officials, not the Regions, determine the specific cases which will be reviewed. In practice however, these two methods while differing somewhat, have the potential for providing advance indications to the Regions as to which of their cases will be reviewed by DOM before some of those cases have been fully investigated and closed by those offices. We believe a single system should be used and that a system of random selection of closed cases should be utilized. Such random selection assures that the Regions will be and should be completely unable to assess which cases will be selected for review by DOM. It also assures the uniformity of practice that is essential in a system that is so much a part of performance appraisal.

2. Types of Cases Selected

The second recommendation also relates to case selection; more specifically, a need for review of backpay cases. The current system does not assure that the review will include cases that involved substantial backpay investigation and compilation. The current criteria for case selection directs that a quality control review include three compliance cases and at least five post-complaint cases that were informally settled by the Region during the year in question.

While these standards are designed to include compliance as part of the quality review, they do not require that any of the compliance or post-complaint settlement cases be matters in which backpay computation was significantly involved. Thus, the issues in a compliance case being reviewed could be no more than an issue of notice posting, or if the case did involve backpay, it could be a case in which the number of claimants is extremely low and the issues quite simple. In that case the quality review of that case would not provide any meaningful assessment of how that Region would handle a backpay case of some complexity.

3. Implementation of Recommendations

According to officials in the Management and Information Systems Branch (MISB), data currently available in the Case Handling Information Processing System (CHIPS) can be used to randomly generate closed case numbers which can be accessed in accordance with practically any criteria set forth by DOM. MISB officials stated that they would need to develop specifications which could be used to generate listings of closed case numbers by: region, dates opened and closed, type, result/outcome such as dismissal or informal settlement, and whether backpay was involved.

Recommendation 1 of 4

That DOM coordinate with MISB in developing specifications which can query CHIPS and generate listings of closed cases in accordance with the criteria set forth in the formula that prescribes the number and mix of cases to be reviewed.

Management Response:

We have decided to implement your suggestion that a single method be utilized for selection of casehandling files to be read in the quality reviews. Utilization of the CHIPS data to select closed cases to be reviewed may very well give us an effective tool to use to select cases on a random basis. We will study the feasibility of using CHIPS data for this purpose. Your suggestion that every quality review include cases that involved substantial backpay investigation and compilation is also well taken. We will review both of these issues with the Regional Directors and should be able to implement your recommendations for the 1996 fiscal year program.

Recommendation 2 of 4

That DOM utilize the information available in CHIPS to randomly select closed cases to be reviewed.

Management Response:

(See Management Response to Recommendation 1 of 4)

Recommendation 3 of 4

That DOM include backpay as one of the elements in the specifications which will be developed, in coordination with MISB, to query CHIPS and generate listings of closed cases to be reviewed.

Management Response:

(See Management Response to Recommendation 1 of 4)

Recommendation 4 of 4

That DOM include backpay as part of its criteria for determining the mix of closed cases to be reviewed.

Management Response:

(See Management Response to Recommendation 1 of 4)



II. BACKGROUND

The Agency's mission is to administer the principal labor relations law of the United States, the National Labor Relations Act, which is generally applied to all enterprises engaged in interstate commerce, including health care institutions and the United States Postal Service, but excluding other governmental entities, railroads and airlines. The Act is intended to protect the public interest by helping to maintain peaceful relations among employers, labor organizations and employees by encouraging collective bargaining; and by providing a forum for all parties to peacefully resolve representation and unfair labor practice issues. The National Labor Relations Board's (NLRB) mission 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. Casehandling begins when an unfair labor practice charge or representation petition is filed with one of the NLRB's field offices. The NLRB is headquartered in Washington, DC and has 33 Regional Offices, several of which have Subregional and/or Resident Offices. The Agency employs about 2000 people and for Fiscal Year 1995 has an appropriation of over \$176,000,000.

The Office of General Counsel (OGC) has the responsibility for managing the activities of the 33 Regional Offices, 17 Resident Offices and 2 Subregional Offices. The Division of Operations-Management (DOM) has been delegated this responsibility by the OGC. DOM is headed by an Associate General Counsel and includes Assistant General Counsels/Assistant to the General Counsel (AGC) and their deputies who monitor the timeliness of case processing and evaluate the quality of casehandling. This audit did not assess DOM's program which evaluates field office performance by measuring productivity and effectiveness through the use of casehandling statistics.

The advent of the Senior Executive Service program during 1979 formalized the quality control program over the casehandling activities performed by the Regional Offices. The performance evaluations of Regional Directors are, in part, based on DOM's assessment of casehandling at the particular field office. Prior to establishing the quality control program, DOM conducted limited quality reviews of field offices. DOM established the quality control program to provide the AGCs with a functional process for obtaining reasonable assurances that individual cases were handled by the Regional Offices in accordance with prescribed standards. The field offices are divided into four districts which are comprised of eight or nine Regional Offices each. An AGC and two or three deputies have responsibility for the overall operations and performance of a district. Due to budget constraints, DOM instructs the Regions to submit files to Headquarters where the closed cases are reviewed.

III. OBJECTIVES, SCOPE, AND METHODOLOGY

This audit assessed the effectiveness of management controls which are intended to ensure quality casehandling. These controls include: the establishment of standards, policies and procedures relating to casehandling; and, the methods used in obtaining reasonable assurances that casehandling standards were being followed. This audit examined whether the quality control program provided assurances that individual cases were handled by the Regional Offices in accordance with prescribed standards. The quality of case work is strongly linked to timeliness (i.e., witness familiarity with the issues, early resolution means less damages and quicker restoration, etc.). Therefore, this audit evaluated that aspect of the quality control program which assessed whether individual cases were handled in a timely manner. This audit did not assess DOM's performance measurement program which evaluates field office performance by measuring productivity and effectiveness through use of casehandling statistical data reports and charts.

The audit scope was October 1, 1990 through June 30, 1994. During this audit we interviewed officials within the Division of Operations-Management (DOM) as well as in the Management Information Systems Branch (MISB). We examined documents such as quality review reports/memorandums, correspondence between DOM and the Regions, annual performance appraisals of the Assistant General Counsels, Regional Directors and their supervisory staff, and casehandling statistical tables from the National Labor Relations Board (NLRB) Annual Reports for Fiscal Years 1991, 1992 and 1993. In assessing DOM's quality control program, we reviewed the following NLRB casehandling policies and procedures manuals:

- * UNFAIR LABOR PRACTICE PROCEEDINGS MANUAL;
- * REPRESENTATION PROCEEDINGS MANUAL;
- * COMPLIANCE PROCEEDINGS MANUAL;
- * REPRESENTATION AND SECTION 10(K) PROCEEDINGS MANUAL;
- * RULES AND REGULATIONS AND STATEMENTS OF PROCEDURE MANUAL;
and,
- * MASTER INDEX OF GENERAL COUNSEL MEMORANDA.

This audit was performed in accordance with generally accepted Government auditing standards at NLRB's Headquarters during the period May to November 1994.



UNITED STATES GOVERNMENT
National Labor Relations Board

Memorandum

TO: John E. Higgins, Acting Inspector General

DATE: MAR 21 1995

FROM: William G. Stack, Associate General Counsel

SUBJECT: Draft I.G. Report - "Review of the Quality Control Program Over Casehandling"

I have reviewed carefully your draft audit report concerning the Division of Operations-Management's quality control program over Regional casehandling. Your conclusion and that of your auditors that the Division has an effective quality control program from which management can obtain reasonable assurances that casehandling standards are being followed is gratifying to me and to my staff. All of us have made a firm commitment to implement a quality improvement program which we believe will materially contribute to the high quality of casehandling in our Regional Offices.

We have decided to implement your suggestion that a single method be utilized for selection of casehandling files to be read in the quality reviews. Utilization of the CHIPS data to select closed cases to be reviewed may very well give us an effective tool to use to select cases on a random basis. We will study the feasibility of using CHIPS data for this purpose. Your suggestion that every quality review include cases that involved substantial backpay investigation and compilation is also well taken. We will review both of these issues with the Regional Directors and should be able to implement your recommendations for the 1996 fiscal year program.

Your draft report is returned for your convenience.


W. G. S.

Attachment