



United States Government  
National Labor Relations Board  
Office of Inspector General

Semiannual Report  
October 1, 2016 – March 31, 2017

## EXECUTIVE SUMMARY

I hereby submit this Semiannual Report for the period October 1, 2016 – March 31, 2017. 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 one audit report, conducted the annual review required by the Federal Information Security Management Act, issued a Management Implication Report, 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. We also completed the quality system review for the audit organization of the Office of Inspector General, National Archives and Records Administration. In the investigation program, the Office of Inspector General processed 124 contacts, initiated 5 cases, closed 4 cases, and issued 4 investigative reports. Our investigative efforts resulted in a removal, two suspensions, and a counseling. The U.S. Department of Justice was notified of five matters.

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 "Z. B. [unclear]", is written over the signature line.

March 31, 2017

## Table of Contents

AGENCY PROFILE.....	1
OFFICE OF INSPECTOR GENERAL .....	2
RESOURCES .....	2
AUDIT PROGRAM.....	2
Reports Issued .....	2
INVESTIGATION PROGRAM.....	4
Investigative Highlights for Reports Issued, Cases Closed, and Referrals .....	4
Hotline.....	5
LEGISLATION, REGULATIONS, AND POLICY .....	5
Legislation.....	6
Regulations.....	6
LIAISON ACTIVITIES .....	6
Inspector General Community .....	6
Government Accountability Office.....	6
INFORMATION REQUIRED BY THE ACT .....	7
APPENDIX – NLRB OIG Peer Review Report.....	14

## 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.

Acting Chairman Philip A. Miscimarra, Mark Gaston Pearce, and Lauren McFerran continued to serve as Members during the reporting period. Until January 26, 2017, Member Pearce was designated Chairman. Richard F. Griffin, Jr., continued to serve as the General Counsel.

NLRB Headquarters is located at 1015 Half Street, SE, Washington, DC. In addition to the Headquarters building, employees are located in 49 field offices and 2 satellite offices for administrative law judges. The NLRB has designated 26 of the 49 field offices as Regional Offices.

Additional information about the NLRB can be found at [www.NLRB.gov](http://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

During the reporting period, the OIG received sufficient funds to maintain its programs. 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.

### 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 one audit report, conducted the annual review required by the Federal Information Security Management Act, issued a Management Implication Report, 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. We also completed the quality system review for the audit organization of the Office of Inspector General, National Archives and Records Administration

#### Reports Issued

We issued Audit Report OIG-F-21-17-01, **Audit of the NLRB Fiscal Year 2016 Financial Statements**, on November 3, 2016. The audit, performed by an independent public accounting firm, found that the NLRB's FY 2016 Financial Statements were fairly stated. Tests on internal controls over financial reporting identified two significant deficiencies: (1) insufficient finance resources and/or personnel with appropriate skill sets and quality control procedures caused financial reporting and accounting discrepancies; and (2) inadequate controls over undelivered orders, accounts payable, and expenditures. The finding regarding insufficient resources and/or personnel included 10 recommendations for corrective action. The finding regarding inadequate controls over undelivered orders, accounts payable, and expenditures was previously reported, and the report noted that the prior recommendations were not fully implemented; however, one new recommendation was added. The tests on compliance with laws and regulations identified no instances of noncompliance. Management agreed with the findings and 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 and multi-factor authentication used to govern access to information

technology systems with personally identifiable information. The findings related to negative leave balances continued from the prior year's audit report. The management letter contained one recommendation related to the multi-factor authentication finding. That recommendation was implemented prior to the end of the reporting period.

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 2016 financial statements and the completion of the OMB template.

We issued Management Implication Report 2017-01, **Electronic Backpay Disbursements**, on December 14, 2016. This report summarized our review of FY 2016 backpay electronic fund transfer (EFT) disbursements. Our review involved nine analytical tests designed to detect potentially fraudulent EFT backpay disbursements. Each transaction identified by a test as potentially fraudulent was reviewed to determine if the disbursement was proper. We found that each of the potentially fraudulent backpay disbursements were apparently proper.

We issued a memorandum identifying the Agency's **Top Management and Performance Challenges** on October 14, 2016. 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 30, 2017, 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 six open recommendations related to the management of Government charge cards.

We completed the **Quality System Review** (peer review) for the audit organization of the Office of Inspector General, National Archives and Records Administration. Federal audit organizations can receive a rating of *pass*, *pass with deficiencies*, or *fail*. Our report stated that the Office of Inspector General, National Archives and Records Administration, received a rating of *pass*.

## 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 124 contacts, initiated 5 cases, closed 4 cases, and issued 4 investigative reports. Our investigative efforts resulted in a removal, two suspensions, and a counseling. Five matters were referred to the U.S. Department of Justice (DOJ).

Case Workload		Contacts Processed	
Open (10/1/2016)	11	Received	124
Initiated	5	Initiated Investigation	1
Closed	4	Opened Case -- Referred to Agency	0
Open (3/31/2017)	12	Non-Investigative Disposition	123

### Investigative Highlights for Reports Issued, Cases Closed, and Referrals

We investigated an allegation that Regional staff was misusing Agency resources for its outreach activity with the local labor law community. After consulting with the Designated Agency Ethics Official, we determined that the matter should be addressed through issuance of policy guidance. This investigation was closed during the reporting period. (OIG-I-495)

We previously reported an investigation involving allegations that an employee engaged in multiple violations of the Standards of Ethical Conduct for Employees of the Executive Branch and caused a false document to be submitted to the Agency's human resources files. We substantiated the allegations and issued a report. We also issued a report for an employee who was involved in one of the violations of the Standards of Ethical Conduct for Employees of the Executive Branch. During this reporting period, one employee received a 30-day suspension and the other employee received a 5-day suspension. This investigation was closed during the reporting period. (OIG-I-520)

We investigated an allegation that an employee submitted a false document in support of a sick leave request. We substantiated the allegation and issued a report. The employee was removed. Prosecution was declined. This investigation was closed during the reporting period. (OIG-I-528)

We investigated an allegation that a GS-15 level employee threatened to take certain personnel actions against employees without just cause. We did not substantiate the allegation. We provided management with a summary of our investigative findings. The employee was counseled and the investigation was closed. After the OIG investigation was closed, management determined it was necessary to remove the employee for conduct that was not the subject of the OIG investigation. (OIG-I-530)

We investigated an allegation that an NLRB attorney, a GS 15 level employee, represented an individual in a matter before another Federal agency in violation of 18 U.S.C. § 205. We substantiated the allegation and issued a report. Management is considering appropriate administrative action. Prosecution was declined. (OIG-I-531)

We investigated an allegation that an employee threatened to harm fellow NLRB employees. We substantiated that the employee made threatening statements, but those statements were not always taken as an actual threat by the listener. As such, we determined that the employee was creating a disruption in the workplace and issued a report. Management is considering appropriate administrative action. Prosecution was declined. (OIG-I-532)

Two matters, both involving a violation of 18 U.S.C. § 1001 (false statement), were referred to DOJ. Prosecution for each matter was declined. The cases proceeded as administrative matters. (OIG-I-527 and OIG-I-529)

### **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 124 Hotline contacts, of which 63 were telephone calls or walk-ins and 61 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, nine 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. 987 & S. 155	RAISE Act;
H.R. 986 & S. 63	Tribal Labor Sovereignty Act of 2017;
H.R. 1722	Protecting American Jobs Act; and
S. 702	PLUS 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 member of the CIGIE Investigations Committee and the CIGIE Information Technology 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 with a view toward avoiding duplication and ensuring effective coordination and cooperation.

## 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 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 29 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) Five matters were referred to the U.S. Department of Justice (DOJ). Summaries of the matters are provided in the Investigative section of this report.

(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 2016 Financial Statements OIG-F-21-17-01	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
<b>FY 2015</b>					
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	3	Perform a data clean-up for all open obligations and accounts payable general ledger balances to ensure that the balances are properly recorded, with appropriate adjustments posted at the detailed general ledger level.
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.
<a href="#">Link to OIG-F-19-15-01</a>					
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 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.
<a href="#">Link to OIG-AMR-73-15-01</a>					
OIG-AMR-75-15-02	Travel Cards	6/16/2015	6/16/2015	2	We recommend that the Finance Branch develop an internal control to ensure that all employees overseeing the travel card program, including those performing supervisory functions, meet the mandatory training requirements.
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.
<a href="#">Link to OIG-AMR-75-15-02</a>					
<b>FY 2016</b>					
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.
<a href="#">Link to OIG-AMR-78-16-01</a>					
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: <ul style="list-style-type: none"> <li>a. OED obtain a decision from the Board and General Counsel on whether the Agency will have an academic degree program;</li> <li>b. If a program is approved, OED develop and implement the program prior to approving only colleges courses for the degree; and</li> <li>c. If a program is not approved, OED not approve training consisting of academic courses unless it meets an identified need.</li> </ul>
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.
<a href="#">Link to OIG-AMR-77-16-02</a>					

(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 Corporation for Public Broadcasting Office of Inspector General. The peer review report was issued on February 3, 2015. 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 conducted a peer review of the National Archives and Records Administrations (NARA). The NARA OIG did not have any outstanding recommendations remaining from the prior review.

(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
4	5	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:

<b>Fact and Circumstances of the Investigation.</b>  <b>OIG-I-531</b>	A GS 15 attorney appeared before the Securities and Exchange Commission (SEC) during an investigation for the purpose of representing a witness. The nature of the appearance was pre-interview telephone meetings with the SEC investigating attorney. Before proceeding with the interview, the SEC investigating attorney notified the SEC OIG that the NLRB attorney appeared to be violating 18 U.S.C. § 205. Our investigation was then initiated. When interviewed, the NLRB attorney acknowledged his contact with the SEC on behalf of the witness. The NLRB attorney stated that he was helping a friend who was a witness and was not the subject of the SEC investigation and that he did not charge any fees.
<b>Status and Disposition of the Matter</b>	Referred to the appropriate U.S. Attorney's office on January 18, 2017. On the same date, prosecution was declined. An OIG administrative report was issued on March 15, 2017. Management is considering appropriate disciplinary action.
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) 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

## System Review Report

February 3, 2015

David P. Berry  
Inspector General  
National Labor Relations Board  
1099 14<sup>th</sup> Street N.W., Suite 9820  
Washington, D.C. 20573

Dear Mr Berry:

We have reviewed the system of quality control for the audit organization of National Labor Relations Board (NLRB) Office of the Inspector General (OIG) in effect for the year ended September 30, 2014. 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 with *Government Auditing Standards*. The elements of quality control are described in the *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*, dated September 2014. During our review, we interviewed NLRB OIG's personnel and obtained an understanding of the nature of the NLRB OIG's 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's 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.

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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.

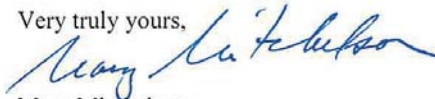
Enclosure 1 to this report identifies the NLRB OIG audits that we reviewed.

In our opinion, the system of quality control for the audit organization of NLRB OIG in effect for the year ended September 30, 2014, 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 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 is NLRB OIG's response to our draft report.

Very truly yours,



Mary Mitchelson

Enclosures (2)

## Enclosure 1

### 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 2 of 4 audit reports issued during the period October 1, 2013, through September 30, 2014. We also reviewed the internal quality control reviews performed by NLRB OIG.

In addition, we reviewed NLRB OIG's monitoring of its financial statement audit performed by an IPA.

We reviewed the following two audits performed by NLRB OIG.

Report No	Report Date	Report Title
OIG AMR-71-14-01	01/06/2014	Division of Administration Pilot Employee Recognition Program
OIG-AMR-72-14-02	06/26/2014	FY 2013 Sequestration-Preparation Implementation Impact

We reviewed the monitoring of the audit performed by an IPA.

Report No	Report Date	Report Title
OIG-F-18-14-01	06/29/2014	Audit of the NLRB Fiscal Year 2013 Financial Statements

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