



Training and Conferences

Report No. OIG-AMR-77-16-02

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APPENDIX

Memorandum from the Director of Administration and the Chief Financial Officer, Response to Audit of Training and Conferences, dated September 26, 2016

EXECUTIVE SUMMARY

This is an audit of the National Labor Relations Board's employee training. The audit objectives were to: (1) determine if the Agency had proper internal controls over the training program for individual training, including, but not limited to, ensuring that the training relates to the employee's duties and the Agency's mission; (2) determine if the Agency had proper internal controls over the expenditures of funds for conferences; and (3) determine if the Agency was complying with the reporting requirements related to conference expenditures. For purposes of this audit, we limited our review to training that began between July 1, 2014 and June 30, 2015, and conferences that were held or in the process of being planned during the same period of time.

We found that the National Labor Relations Board's Office of Employee Development generally followed its procedures when approving training requests, but the process for recording the training obligations should be improved. Additionally, we found that the Office of Employee Development lacked a process for ensuring that employee training needs were appropriately addressed with Individual Development Plans and Senior Executive Development Plans. We determined that the Office of Employee Development improperly approved training for employees taking college courses towards a degree because, other than a program for support staff, the National Labor Relations Board does not have an academic degree program. As a result, we found that the Office of Employee Development had \$36,095.60 in questioned costs because the approvals of the college courses were not supported by proper documentation.

Our review of the employee conferences generally found a lack of documented conference procedures and documentation to support a finding that the conferences were properly managed. We also determined that four of the five conferences with break refreshments exceeded the Contracting Officer's reasonableness guidelines for the expenditure of appropriated funds for food. Additionally, we found that there was a waste of appropriated funds for conference expenses related to the procurement of refreshments for meals and refreshments at awards ceremonies. As a result of these determinations, we questioned the expenditure of \$20,225.37 for expense related to food and bartending services.

Additional findings related to other administrative training and conference functions are detailed in the report. The report contains 14 recommendations for corrective actions.

The Director of Administration and the Chief Financial Officer reviewed the draft report and provided comments. The comments were sufficient to reach agreement on each of the recommendations. While the comments generally appeared to agree with the report, we were concerned that the specific comment regarding the procurement of bartender and cashier services may mislead the reader. To address that concern, we noted the comment in the body of the report and provided a response. The comments in their entirety are included as an Appendix.

BACKGROUND

The functions of the Office of Employee Development (OED) are to:

- Design, procure, and deliver training programs;
- Advise the Board and the General Counsel on the identification of Agencywide employee needs and propose programs to meet those needs;
- Provide conference-planning services;
- Deliver training administration services such as training request approval, an employee development information website, and a media library; and
- Serve as an Agency resource on the effective use of different training delivery methods, such as conferences, inter/intranet, onsite, supervisor-led, videotapes, or videoconferencing.

National Labor Relations Board (NLRB or Agency) employees may attend individual courses that improve individual and organizational performance, relate to the employee's current duties or anticipated duties, and assist in achieving the Agency's mission and performance goals.

The NLRB also plans and conducts employee conferences. Larger conferences generally focus on a subset of employees such as Field Managers, Field Agents, or Administrative Law Judges (ALJ). Smaller conferences tend to focus on a limited number of employees or single issues.

OBJECTIVE, SCOPE, AND METHODOLOGY

The audit objectives were to: (1) determine if the Agency had proper internal controls over the training program for individual training, including, but not limited to, ensuring that the training relates to the employee's duties and the Agency's mission; (2) determine if the Agency had proper internal controls over the expenditures of funds for conferences; and (3) determine if the Agency was complying with the reporting requirements related to conference expenditures.

The scope of the audit for training was training that began between July 1, 2014 and June 30, 2015. We excluded the

training for Office of Inspector General (OIG) employees. The scope of the audit for conferences was conferences that were held or in the process of being planned between July 1, 2014 and June 30, 2015.

We reviewed laws, regulations, and Agency policies related to management and oversight of training and conferences. We also reviewed the Government Accountability Office (GAO) guidance related to internal controls. We interviewed Agency personnel who were responsible for the training program for individual training to learn about the internal controls used to oversee training and conferences.

We obtained the Agency's training database. We selected a statistically valid random sample to determine whether the database was reliable. Using generally accepted sampling criteria, a 90 percent confidence rate resulted in a sample size of 76 records. The 90 percent confidence level is consistent with GAO guidance and our expected deviation rate. The results of our test can be projected to the population of training records. We obtained and reviewed the Form NLRB-182s for the training during the scope period and determined whether the training was properly approved. We compared the NLRB-182s to the records of training expenditures from the Agency's financial system to determine whether obligations were recorded in a timely manner. We reviewed training courses that were cancelled to determine whether obligations were recorded for the cancelled courses; if obligations were recorded, we determined whether the obligations were disbursed or if disbursements were made and then refunded. We obtained and reviewed the documentation on the Agency's inquiries regarding attendance at training.

In addition, we obtained and reviewed Agency procedures regarding the Washington Exchange Program. We then reviewed travel vouchers for the program to determine how expenses for employees from the Baltimore Regional Office were handled.

We reviewed the documentation the Agency had regarding its Management Development Program, Executive Development Plans for Senior Executive Service-level personnel, and management succession plans, including whether potential candidates for supervisory positions participated in training under the management succession plans.

We obtained a listing of conferences, including those that were scheduled but did not occur, during the scope period. We obtained documentation related to conference expenditures and conference planning, including awards ceremonies, to determine if the Agency followed the requirements outlined in Federal regulations.

We determined whether the Agency met the reporting requirements for conferences issued by the Office of Management and Budget (OMB), including OMB-M-12-12, Promoting Efficient Spending to Support Agency Operations, and the Appropriations Laws for Fiscal Years 2013, 2014 and 2015.

We conducted this performance audit in accordance with generally accepted government auditing standards during the period July 2015 through August 2016. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

TRAINING

Internal Controls

Process for Approving Training

Management is responsible for designing and maintaining an internal control system to ensure that the transactions involving the Agency's appropriations are properly authorized and documented. The internal control system for the use of official time and expenditure of funds for training is managed by OED through the processing of a form identified as NLRB-182, Authorization, Agreement, and Certification of Training, (NLRB-182) and maintaining an inventory of the forms in a database.

Employees request training by submitting an NLRB-182 to their supervisor. If the supervisor approves the training, the approval is noted on the form and the form is then sent to OED. OED reviews the form to ensure that there is supervisory approval. OED notes its approval and sends the

form to the Budget Branch for approval of funding. OED will also enter the OED approval date and the date the NLRB-182 was sent to the Budget Branch in a spreadsheet. After the Budget Branch verifies that there is funding available for the training, Budget's approval is noted on the form and it is sent back to OED. OED then records the information from the NLRB-182 in the training database and sends the form back to the employee with instructions to contact OED for payment. OED also updates the spreadsheet with the date the NLRB-182 was sent to the employee and the date the Budget Branch approved the NLRB-182.

For training that began between July 1, 2014 and June 30, 2015, OED processed 821 NLRB-182 forms. Our review of those forms found the following:

Approval	Yes	%	No	%
Approved by Supervisor	814	99.15	7	0.85
Approved by OED	817	99.51	4	0.49
Approved by Budget	772	94.03	49	5.97
Approved before Training Began	749	91.23	72	8.77

We also determined that 57 (6.9 percent) of the 821 forms were not listed in the OED database. We found that the error rates for these forms were higher than the error rates for the training forms included in the database. Of the 57 forms not in the database, 22.81 percent did not include documentation of Budget approval and 15.79 percent were approved after the training began.

We also reviewed all of the purchase card transactions and OED's obligations in the Agency's financial system to determine if individual employee training was processed without an NLRB-182. We found that there were 31 (3.6 percent) obligations for individual training that were not processed with the NLRB-182. For those obligations, there is no documentation that the training was properly approved.

Recording Training Obligations

Transactions are to be promptly recorded to maintain their relevance and value to management in controlling operations and making decisions. This applies to the entire process or life cycle of a transaction or event from its initiation and

authorization through its final classification in summary records. In addition, management should design its control activities so that all transactions are completely and accurately recorded.

Additionally, 31 U.S. Code § 1501(a)(9) states that an obligation shall be recorded only when supported by documentary evidence of a legal liability of the Government against an available appropriation or fund. We determined that a completed and fully approved NLRB-182 would be evidence of a legal liability of the Agency against its appropriation.

We tested the entire universe of 821 NLRB-182s. Eighteen NLRB-182s were for training cancelled before an obligation was recorded and 37 NLRB-182s were for training that had no cost. The results of the remaining 766 NLRB-182s can be found in the table below.

	Obligations Recorded													
	In Relation to Authorization Date								Start Date	In Relation to Start Date				Not Recorded
	Before	Authorization Date	On Purchase Card	Same Day	1-7 Days after	8-14 Days after	15-30 Days after	30+ Days after		1-7 Days after	8-14 Days after	15-30 Days after	30+ Days after	
Number of NLRB-182s	11		387	37	1	0	2	1		46	26	59	135	61

For the purchase card transactions, the payments are made to the purchase card provided on the day following the transaction. Therefore, we determined that purchase card transactions recorded before the start date are recorded in a timely manner. The Budget Branch, however, noted that purchase card transactions were not properly reclassified as training in a timely manner.

There were 61 NLRB-182s that were not recorded as an obligation. Based upon our review of the OED records, there is no documentation confirming that the training courses were cancelled or whether employees attended the training.

Because the Agency did not record a significant number of training obligations until after the training started, we find

that the Agency was not recording training obligations in a timely manner.

Recommendation

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.

Attendance at Training

The Agency is required to establish procedures to protect the Government's interest when it pays for training and then the employees fail to complete the training. According to OED personnel, they met this requirement by asking employees if they attended training that the Agency funded.

For training that occurred in Fiscal Year (FY) 2014, OED was unable to provide documentation that they confirmed that employees attended training. For training that occurred in FY 2015, OED confirmed attendance at training by sending an email message to employees. The email message, however, was sent on June 10, 2015 and to only 23 employees to confirm their attendance at 24 training courses that occurred between December 14, 2014 and July 19, 2015. For three employees, the training had not yet occurred. One employee did not respond, and the remaining employees confirmed that they attended the training.

Recommendation

2. We recommend that OED develop and implement policies and procedures for documenting employee attendance at Agency-funded training.

Data Reliability

As discussed above, OED maintains a database to record NLRB-182 data. The office also maintains a separate spreadsheet that contains the name of the employee, the name of the course, the tuition amount, when the NLRB-182 was sent to the Budget Branch, if the course was cancelled, and when the NLRB-182 was sent to the employee. To determine the reliability of the database and the spreadsheet, we tested a random sample of 76 NLRB-182s

and determined if the NLRB-182 matched the record in the database and the spreadsheet. In reaching this determination, we used a tolerable error rate of 10 percent, which is consistent with GAO guidance. We generally found that the data in the OED database was reliable.

As discussed above, 6.9 percent of the forms were not listed in the database and 3.6 of the training obligations were not processed with the NLRB-182 and were not in the database. Therefore, we find that the database was not complete.

Relevance of Training

The Consolidated and Further Continuing Appropriations Act of 2015 states that funds may not be expended for any employee training that does not meet identified needs for knowledge, skills, and abilities bearing directly upon the performance of official duties. We examined the documentation related to individual employee training that began between October 1, 2014 and June 30, 2015 to determine if it met that criteria.

The NLRB does not have a uniform method of determining the training needs of individual employees. Generally, such a program would consist of an “Individual Development Plan” (IDP) or some other documentation that relates the duties of the employee to the requested training. OED personnel explained that the NLRB does not have a program that requires the use of IDPs. The only documentation that OED provided that would identify specific training needs were for a very limited number of employees in the Bridge Program, a program that trains support staff to become Field Examiners.

Despite the failure of OED to have a program to identify the individual employee needs for training, we do believe that certain categories of training would universally meet the requirement that the training provided met the employee’s identified needs for knowledge, skills and abilities bearing directly upon the performance of official duties. To make that determination, we separated training into categories in the table below.

Type	Subject	Type of Employee	Number of Courses	Cost
College Courses	Bridge Program	Support Staff	9	\$13,053.17
	Other	Attorneys/Examiners	1	\$31,031.32
		HQ - Other	7	
		Managers/Supervisors	3	
Support Staff	12			
Conferences	General Skills	Attorneys/Examiners	1	\$735.00
		HQ - Other	0	
		Managers/Supervisors	1	
		Support Staff	4	
	Position-Specific Duties (Non Labor Law)	Attorneys/Examiners	1	\$11,623.00
		HQ - Other	2	
		Managers/Supervisors	7	
		Support Staff	4	
	Labor Law	Attorneys/Examiners	262	\$96,051.60
		HQ - Other	1	
		Managers/Supervisors	88	
		Support Staff	10	
General Law	Attorneys/Examiners	4	\$ 1,140.00	
	Managers/Supervisors	2		
Training Courses	General Skills	Attorneys/Examiners	2	\$89,260.00
		HQ - Other	1	
		Managers/Supervisors	13	
		Support Staff	6	
	Position-Specific Duties (Non Labor Law)	Attorneys/Examiners	4	\$34,466.00
		HQ - Other	23	
		Managers/Supervisors	13	
		Support Staff	7	
	Labor Law	Attorneys/Examiners	27	\$16,085.75
		HQ - Other	0	
		Managers/Supervisors	4	
		Support Staff	1	
	General Law	Attorneys/Examiners	39	\$13,663.00
		HQ - Other	1	
		Managers/Supervisors	8	
		Support Staff	1	
	Spanish	Attorneys/Examiners	22	\$26,452.88
		Managers/Supervisors	6	
		Support Staff	19	
	Retirement Preparation	Attorneys/Examiners	3	\$1,464.00
Managers/Supervisors		3		
Support Staff		7		

Non-College Course Training

We are aware that it is the general practice throughout Government to provide employees with training regarding retirement preparation. Additionally, given the Agency's mission and its stakeholders, we would consider training related to position-specific duties, labor law, and Spanish to meet criteria for knowledge, skills and abilities bearing directly upon the performance of official duties. For the general skills and general law categories, the training appears to be related to matters that could be within the job duties; however, it is difficult to reach that determination in each case given the lack of substantive information regarding the need for the training.

College Courses

Agencies may authorize training for an employee to obtain an academic degree only if it is part of a planned, systemic, and coordinated agency employee development program linked to accomplishing the strategic goals of the agency and if the agency assures that the training is not for the sole purpose of providing an employee the opportunity to obtain an academic degree. Other than the Bridge Program, the NLRB does not have policies and procedures to meet the requirements to allow it to authorize training for employees in academic degree programs.

OED provided a list of employees in a degree program. We reviewed the list and determined that during the scope period, the Agency paid for college courses for 4 employees who were not in the Bridge Program. After reviewing all of the training requests, we found 10 additional employees who took more than one college course during the scope period of the audit and appeared to be in a degree program.

Without a degree program or some documentation that the course was necessary to meet an identified need of the employee, we find that the expenditure of funds for the courses for the 14 employees totaling \$36,095.60 is a questioned cost in that it is unsupported by proper documentation.

We are particularly troubled by the expenditure of funds for academic courses toward a degree because there is evidence that the former OED Director circumvented the requirements

of the law. In September 2014, an OED employee suggested to the former OED Director that the Agency consider an academic degree program because the employee and several employees in other offices were already participating in degree programs. The Director responded to the employee that he would rather continue to approve individual training requests based on merit, instead of approving an entire program due to potential problems with collective bargaining agreements and the Bridge Program. The OED employee then began the degree program and submitted individual training requests for the required courses.

Recommendations

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.
4. We recommend that:
 - a. OED obtain a decision from the Board and General Counsel on whether the Agency will have an academic degree program;
 - b. If a program is approved, OED develop and implement the program prior to approving only colleges courses for the degree; and
 - c. If a program is not approved, OED not approve training consisting of academic courses unless it meets an identified need.

Continuing Service Agreements

There is an underlying risk with training that an employee will voluntarily separate after receiving training and before the Agency receives any benefits of the trained employee. The Agency could reduce this risk by requiring continuing service agreements that provide for the recovery of training costs if an employee voluntarily separates from Government service. During the scope of the audit, the Agency only required bargaining unit employees to have a continuing service agreement after receiving training. We are unaware of any reason to have this requirement for only a subset of the Agency's employees.

Recommendation

5. We recommend that OED require continuing service agreements for all employees taking training.

Management Training

Managers and Supervisors Training Requirements

The Agency is required to have written policies to ensure training within 1 year of an employee's initial appointment to a supervisory position and to follow up periodically, but at least once every 3 years. The training should include topics on the use of appropriate actions, options, and strategies to mentor employees; improving employee performance and productivity; conducting employee performance appraisals in accordance with agency appraisal systems; and identifying and assisting employees with unacceptable performance.

In 2005, OED created a Management Development Program. Our review of the program found that it does not meet the minimum requirements for management training in that it requires employees to participate in two self-development activities a year and only provides training recommendations. OED, however, was unable to provide documentation that those managers or supervisors participated in or were meeting any specific training requirements.

Recommendation

6. We recommend that OED implement and maintain the Agency's Management Development Program.

Management Succession Planning

The head of each agency, in consultation with the Office of Personnel Management (OPM), is required to develop a comprehensive management succession program, based on the agency's workforce succession plans. The program should define succession plans for key roles, choose succession candidates, and train succession candidates to assume the key roles. The program should also be supported by employee training and development programs. The focus of the program should be to develop managers as well as strengthen organizational capability, and to ensure

an adequate number of well-prepared and qualified candidates for leadership positions. Regulations also require agencies to provide for the development of individuals in supervisory, managerial and executive positions, as well as individuals whom the agency identifies as potential candidates for those positions, based on the agency's succession plans.

We requested documentation on the Agency's management succession plans to determine if individuals that the Agency identified as potential candidates for supervisory, managerial and executive positions received the appropriate training. The Agency did not provide any documentation of a written management succession plan. It was explained to us that written succession plans were an upcoming priority.

Recommendation

7. We recommend that the Division of Administration develop and implement a Management Succession Plan.

Senior Executive Development Plans

The Agency is required to establish a program for the continuing development of its Senior Executives, and that program must include preparation, implementation and regular updating of an Executive Development Plan. Neither OED nor the Office of Human Resources was able to provide documentation that the Agency met this requirement.

Recommendation

8. We recommend that the Division of Administration develop and implement a program for Senior Executive Development Plans.

CONFERENCES

The regulatory definition for a conference is "a meeting, retreat, seminar, symposium or event that involves attendee travel." Additionally, the regulations provide that a conference is a training activity that has a purpose which is educational or instructional; more than half the time is scheduled for an exchange of information from a presenter; the content is germane to improving individual and/or organizational performance; and development benefits will be

derived through the employee's attendance. During the scope of the audit, there were 12 events that met one or both of the criteria of a conference:

Conference	Attendees		Non-Attendees		Total Cost	
	Site Cost	Number	Travel Cost	Number		Travel Cost
<i>FY 2014</i>						
Field Managers Conference	\$37,419.30	82	\$123,998.81	2	\$136.36	\$161,554.47
Office Managers Conference	\$24,207.83	77	\$117,125.23	0	\$0.00	\$141,333.06
Administrative Law Judges Conference	\$18,392.40	34	\$46,338.99	10	\$9,630.42	\$74,361.81
Support Staff Exchange Program	\$0.00	5	\$17,430.09	0	\$0.00	\$17,430.09
Minneapolis/Milwaukee Joint Training Conference	\$0.00	32	\$12,352.23	1	\$1,162.46	\$13,514.69
Boston/Hartford Joint Training Conference	\$0.00	49	\$7,155.16	1	\$835.90	\$7,991.06
RD Boot Camp	\$0.00	5	\$7,329.24	0	\$0.00	\$7,329.24
<i>FY 2015</i>						
Trial Training Conference	\$44,923.52	124	\$193,771.78	12	\$10,925.61	\$249,620.91
R Case Rules Conference	\$258.40	71	\$109,717.82	19	\$0.00	\$109,976.22
Support Staff Exchange Program	\$0.00	9	\$19,322.21	0	\$0.00	\$19,322.21
RD Boot Camp	\$0.00	3	\$5,279.74	0	\$0.00	\$5,279.74
Indianapolis/Peoria Joint Training Conference	\$0.00	27	\$1,857.52	1	\$711.58	\$2,569.10

Global Policies

The Federal Travel Regulations require that an agency develop and establish internal policies to:

- Minimize all conference costs, including administrative costs, conference attendees' travel costs, and conference attendees' time costs;
- Maximize the use of Government conference facilities as much as possible;
- Identify opportunities to reduce costs in selecting a location and facility; and
- Ensure the conference planner or designee does not retain for personal use any promotional benefits or materials received from a travel service provider as a result of booking the conference.

The Federal Travel Regulations also require agencies to establish policies that reduce the overall cost of conference attendance. The policies and procedures must:

- Limit the agency's representation to the minimum number of attendees determined by a senior official necessary to accomplish the agency's mission;
- Provide for the consideration of travel expenses when selecting attendees; and
- Assure that there is appropriate management oversight of the conference planning process to determine which conference expenditures result in the greatest advantage to the Government.

The regulations also outline several requirements for cost considerations when planning conferences. Those requirements include:

- Appropriate management oversight of the conference planning process;
- Cost comparisons of size, scope and location;
- Determination if a Government facility is available at a cheaper rate than a commercial facility;
- Consideration of alternatives to the conference; and
- Written documentation of alternatives considered and selection rationale.

These regulatory requirements created the framework for a set of internal controls related to proper training conference management. In general, we found a lack of documented conference procedures and documentation to support a finding that the NLRB was properly managing employee conferences. In particular, the conferences did not have documentation of appropriate management oversight over the conference expenditures.

It is the responsibility of the NLRB management to develop those controls and maintain documentation of its internal control system. A well-documented internal control system

then provides a means to retain organizational knowledge and will mitigate the risk that knowledge related to the controls will be limited to a few personnel. The NLRB has not developed a set of internal controls to implement the regulatory requirements.

Recommendation

9. We recommend that the Division of Administration and the OCFO develop and implement policies and procedures for employee conference management.

Expenses

Provision of Food

There are many conference expenses that are discretionary but legitimate so long as they serve the purpose of the conference. For example, we observed that five of the conferences had food as part of the conference program. The NLRB may provide meals and light refreshments, provided food is necessary to achieve the training objective. The following is the analysis for that determination:

- The food is incidental to the conference;
- The employee attendance at the meal or when the refreshments are provided is important for the employee's full participation at the conference; and
- The food is part of a formal conference that includes not just the food and discussions, speeches, lectures or other business that may take place when the meals or refreshments are served, but also includes substantial functions occurring separately from when the food is served.

It is generally accepted that an agency may provide conference attendees with food and beverages during breaks. We were told by the Contracting Officer that the guideline used for reasonableness of expenses for light refreshments was \$10.00 per attendee for each break. We found that four of the five conferences with light break refreshments exceeded the Contracting Officer's reasonableness guideline.

The chart below shows the cost per attendee for the light refreshment breaks.

Conference	Date	Description	Cost	Number of Attendees	Cost Per Attendee
Administrative Law Judges Conference	8/20/14	All Day Beverages	\$1,073.60	34	\$31.58
	8/20/14	PM Break	\$500.20	34	\$14.71
	8/21/14	All Day Beverages	\$1,073.60	34	\$31.58
	8/21/14	PM Break	\$614.88	34	\$18.08
Trial Training Conference	8/3/15	Preconference Beverages	\$806.00	124	\$6.50
	8/3/15	AM Break	\$1,763.53	124	\$14.22
	8/3/15	PM Break	\$1,763.53	124	\$14.22
	8/4/15	Preconference Beverages	\$806.00	124	\$6.50
	8/4/15	AM Break	\$1,763.53	124	\$14.22
	8/4/15	PM Break	\$1,763.53	124	\$14.22
	8/5/15	Preconference Beverages	\$806.00	124	\$6.50
	8/5/15	AM Break	\$1,763.53	124	\$14.22
	8/5/15	PM Break	\$1,763.53	124	\$14.22
	8/6/15	Preconference Beverages	\$806.00	124	\$6.50
	8/6/15	AM Break	\$1,763.53	124	\$14.22
	8/6/15	PM Break	\$1,763.53	124	\$14.22
	8/7/15	Preconference Beverages	\$806.00	124	\$6.50
	8/7/15	AM Break	\$1,763.53	124	\$14.22
Field Managers Conference	8/11/14	PM Break	\$1,744.60	82	\$21.28
	8/12/14	AM Break	\$1,744.60	82	\$21.28
	8/12/14	PM Break	\$1,744.60	82	\$21.28
	8/13/14	AM Break	\$1,744.60	82	\$21.28
	8/13/14	PM Break	\$1,744.60	82	\$21.28
	8/14/14	AM Break	\$1,744.60	82	\$21.28
	8/14/14	PM Break	\$1,744.60	82	\$21.28
	8/15/14	AM Break	\$1,744.60	82	\$21.28
Office Managers Conference	7/22/14	Break	\$2,298.48	77	\$29.85
	7/23/14	Break	\$2,181.36	77	\$28.33
	7/24/14	Break	\$2,213.69	77	\$28.75
R Case Rules Conference	3/17/15 through 3/20/15	Break	\$258.40	71	\$3.64

These are some of the examples of the types of refreshments that were provided at conferences and the associated costs:

- All day beverages for the 34 ALJs at a cost of \$31.58 per attendee per day for 2 days;
- Office Managers Conference:

- For 3 days of the conference, the Agency procured six gallons of Starbucks coffee at a cost of \$622.20. This equates to a cost of \$6.48 per 8 ounce cup;
- 112 bottles of fruit juice at a cost of \$683.20, or \$6.10 per bottle;
- 77 bottles of “Coca Cola Soft Drinks” at a cost of \$422.73, or \$5.49 per bottle;
- 192 granola bars at a cost of \$858.88, or \$4.47 per bar;
- 84 freshly baked cookies and brownies at a cost of \$427.00, or \$5.08 per item;
- 168 freshly baked Danishes at a cost of \$854.00, or \$5.08 per Danish;
- 60 freshly baked scones served with Devonshire cream at a cost of \$347.70, or \$5.80 per scone;
- 48 giant soft pretzels at a cost of \$292.80, or \$6.10 per pretzel; and
- 72 individual bags of snacks at a cost of \$351.36, or \$5.49 per bag.
- Trial Training Conference:
 - The Agency provided Starbucks Freshly Brewed Coffee, decaffeinated coffee, and Tazo teas as a before training “morning beverage” for the 5 days of the conference, at a cost of \$4,030, or \$6.20 per beverage.

Awards Ceremonies

In addition to the break food, 4 of the 12 conferences also had an awards ceremony. There is no prohibition on having an awards ceremony at a conference and the Agency may also incur necessary expenses, including those for light refreshments at an awards ceremony, for the honorary recognition of an employee who:

- By suggestion, invention, superior accomplishment, or other personal effort contributes to the efficiency, economy, or other improvement of Government operations or achieves a significant reduction in paperwork; or
- Performs a special act or service in the public interest in connection with or related to his official employment.

When we questioned the Contracting Officer regarding the policies or Agency guidance for approving awards ceremonies at conferences, we were told that they followed the general guidance provided by GAO and that the OCFO established a \$10.00 per employee awards ceremony limit – the same limit as the light refreshments for training breaks.

Each statement of work for the four conference facilities procurement actions included an awards ceremony and required a cash bar. We are unaware of any authority that allows the NLRB to procure the services of a bartender and cashier to sell beverages to employees. We find that the use of appropriated funds for the bartender and cashier expenses at the Office Managers, Field Managers, and ALJ conferences to be a waste and a questioned cost in the amount of \$1,416. For the Trial Training Conference, the bartender and cashier were required, but were not separately charged on the final invoice and we cannot determine if the Agency paid any amount for those services.

Management Comments

Management stated in its response that:

The IG report also raised concern regarding the Agency procuring the services of a bartender and requiring a cash bar for the events. A Statement of Work that required that a cash bar be available for the attendees, was honored [sic] through a competitive procurement process as a package deal for the entire event. However, it was never the intent of the Agency to buy, nor did it actually engage in procuring alcohol for the attendees. Alcoholic beverages were purchased directly by the

attendees at their own expense. However, in the future, the Agency will ensure that staffing a cash bar for serving alcoholic beverages is not identified as a requirement for employee conferences.

OIG Response

Management's comment may mislead the reader. While it is accurate to state that the individual alcoholic beverages were not procured by the Agency, the Agency did in fact use appropriated funds to "engage in procuring alcohol for attendees." The bartender and cashier expenses were the cost of delivering the beverage to the attendee. Paying the delivery expense is in fact part of the total expense of the item. We do not know the number of alcoholic beverages served, but if we were to cost out that delivery expense for the conferences as a group, it would be an average of \$7.33 per attendee. We also note that by categorizing the expenses for the bartenders and cashiers as a "questioned cost" it is a specific audit "finding" that the expenditure for that intended purpose was unnecessary or unreasonable rather than a "concern."

For the expenditure of appropriated funds for the awards ceremony at the ALJ Conference, we find that the use of appropriated funds for that ceremony is a questioned cost because the NLRB may not use appropriated funds for an ALJ awards ceremony. The statutory authority for using appropriated funds for an awards ceremony is 18 U.S.C. 4503. OPM regulations state that "an agency may not grant any monetary or honorary award or incentive under 5 U.S.C. 4502, 4503, or 4504, or under any other authority, to an administrative law judge." Because the NLRB does not have the authority to grant an award to an ALJ, it does not have the authority to host an awards ceremony for an ALJ. In short, the Agency cannot use appropriated funds for a ceremony for an award it is not allowed to present. In addition to the questioned costs for the bartender and cashier at the ALJ awards ceremony, we find that the use of appropriated funds for the food was in violation of a regulation and is a questioned cost in the amount of \$1,372.50.

The awards for the Field Managers Conference appear to be bona fide awards and we do not question the decision to hold an awards ceremony. Although it was within management’s discretion to hold a ceremony, the food is limited to “light refreshments.” The menu for the Field Managers Conference awards ceremony included the following:

Item	Quantity	Unit Price	Total
Cheese and Crackers	110	\$18.00	\$1,980.00
Chicken Satay	110	\$6.00	\$660.00
Mediterranean Skewers	110	\$6.00	\$660.00
Mushroom Tart	110	\$6.00	\$660.00
Petite Crab Cakes	110	\$6.00	\$660.00
Scallop/Bacon	110	\$6.00	\$660.00
Service Charge			\$1,161.60
Total			\$6,441.60

For the Field Managers Conference, we find the amount spent for the awards ceremony was unreasonable. In addition to the fact that the ceremony costs exceeded the \$10.00 per attendee limit, we also compared the \$78.56 cost per conference attendee or \$58.56 for the 110 servings to the \$71.00 per diem allowance. Spending 82 to 111 percent of the per diem allowance on an awards ceremony is unreasonable, and we find that the expenditure of \$6,441.60 for the awards ceremony is a questioned cost.

For the Office Managers Conference, we were unable to find documentation of the awards that were presented at the ceremony in the procurement documentation and the Division of Operations-Management was not able to respond to our requests for records with the requested documents. In the absence of documentation supporting that awards were given at the Office Managers Conference, we find the cost associated with the awards ceremony are unsupported and are a questioned cost in the amount of \$3,111.

Even if such documentation was presented, we would question the cost of the Office Managers Conference awards ceremony based upon reasonableness. The menu for the Office Managers Conference awards ceremony included the following:

Item	Quantity	Unit Price	Total
Tomato Bruschetta	2 (50 pieces)	\$200.00	\$400.00
Chicken Skewers	2 (50 pieces)	\$235.00	\$470.00
Petite Crab with Aioli	2 (50 pieces)	\$300.00	\$600.00
Vegetables and Dip	60	\$8.00	\$480.00
Tortilla Chips and Dip	50	\$12.00	\$600.00
Service Charge			\$561.00
Total			\$3,111.00

We find that the amount spent on the food for the Office Managers Conference awards ceremony was unreasonable in that it exceeded the \$10.00 limit set by the OCFO and that the \$40.40 per attendee cost was 57 percent of the per diem allowance of \$71.00.

Trial Training awards were given to the conference planners and a Regional Director who had attended each of the prior conferences as a trainer. The rationale for giving an award to the conference planners prior to the conference actually starting is not apparent, and there was nothing in the documentation that was provided by the Agency that would otherwise justify the award to the planners. For the award to the Regional Director, we do not question the award. Nevertheless, as discussed below, we question the appropriateness of using appropriated funds for the awards ceremony.

For the Trial Training Conference, the procurement documentation does not detail the food items. The total cost of the awards ceremony was \$2,418.00. The number of attendees at the conference was 124 resulting in a cost per attendee of \$19.50. The conference invoice states that the food was for 130 at a rate of \$15.00. Again, this cost exceeds the limit set by the OCFO. The amount spent was also 35 percent of the attendee daily per diem allowance of \$56.00. As such, we find the amount spent at the awards ceremony is a questioned cost in the amount of \$2,418.00.

In general, we also question the appropriateness of awards ceremonies at the training conferences. The ceremonies all occurred in the evening, they all had a cash bar, and, except for the Field Managers Conference, the awards appear to be a pretext for the ceremony. Without clearly established guidance for awards that merit a ceremony and the amount

that can be expended for a ceremony, the Agency is at risk for continued instances that waste the appropriated funds.

Meals

Both the ALJ Conference and the Trial Training Conference provided meals to participants. To be an appropriate use of appropriated funds, the meal must meet the same criteria as light refreshments.

For the ALJ Conference, we find that the meals failed to meet the criteria for the use of appropriated funds. First, the sale and presumed consumption of alcohol at a training event negates the good faith finding that the meal was necessary for training. Second, the ALJs were permitted to bring guests to the meal. Eleven such guests attended the dinner, including a Regional Director and his wife. Third, the average cost of the dinner was \$67.54, an amount nearly twice the dinner meal allowance, and 95 percent of the per diem allowance of \$71. Under these circumstances we find that the ALJ dinner was a social event, and that it was improper to use appropriated funds for the meal.

We also find that the breakfast provided to the ALJs was improper. First, the food was provided prior to the initiation of the training sessions for the day, and there was no documented need for the breakfast to be provided to ensure the ALJs full participation at the conference. Also, the training day started at 8:45 a.m., a time that allowed for the ALJs to obtain a proper breakfast prior to the daily training session. The cost of the breakfast per ALJ attendee was \$41.62 each day. That daily amount exceeded the breakfast per diem allowance by \$30.00 and was 59 percent of the total per diem allowance for the day. Given these facts, we find that it was improper to use appropriated funds for the dinner.

The Federal Travel Regulations require that when the Agency provides a meal to an employee in a travel status, the employee's per diem allowance is reduced. For a location with a per diem allowance of \$71, the allowance for the ALJs, the reduction is \$12 for breakfast; \$18 for lunch; and \$36 for dinner. For the dinner, the Agency reduced the per diem allowance, but it did not do so for the breakfast.

We also find that it was improper for the Agency to provide a meal to non-employee guests at the ALJ dinner and then to seek reimbursement. There is no authority for the Agency to procure food or meals for a guest of an employee and without such authority, the Agency could not lawfully set up a receivable in its accounting system and then collect the money. Nevertheless, having done so, the Agency failed to collect the actual cost of the meal because the amount collected by the Agency did not include the service charges, and was \$9.54 less than the average cost of dinner.

This table is a summary of the ALJ Conference meal questioned costs:

Meal	Expense Total	Per Diem Offset	Reimbursement	Questioned Cost
ALJ Breakfast	\$2,830.40	0.00	0.00	\$2,830.40
Employee Dinner	\$3,039.11	\$1,620.00	0.00	\$1,419.11
Guest Dinner	\$742.89	0.00	\$638.00	\$104.89
Total				\$4,354.40

For the Trial Training Conference, the Agency procured 84 lunches. According to the conference agenda, the lunch was an opportunity to meet with an ALJ. The agenda stated that the lunch was optional for the attendees and the attendees were responsible for buying their own lunch.

The 84 lunches were procured at \$25.00 per lunch. The per diem allowance of 76 employees was offset by \$13.00. Given that the lunch was optional for the attendees and that it was to be at the attendee's own expense, we find that the lunch was not a necessary expense of the conference. As such, the difference between the per diem allowance for lunch and the cost of the lunch, as well as the eight lunches that were not offset, are questioned costs in the amount of \$1,111.87.

Recommendation

10. We recommend that the OCFO develop and implement policies and procedures for the procurement of food and beverages at employee conferences.

Travel Expenses for Baltimore Employees

Employees who perform official travel away from their official station are eligible for a per diem allowance. At the NLRB, the past practice has been to disallow per diem when traveling within the employee's geographic metropolitan area. That area is defined as the 50 mile radius of the employee's duty station.

Using the NLRB's past practice, Washington, DC, and Baltimore, MD, are in the same geographic metropolitan area. During the audit's scope period, the Agency paid \$16,296.72 in lodging and per diem allowances to employees from the Regional Office in Baltimore. The employees included three employees in the Washington Exchange Program and seven instances of employees who traveled to conferences held in Washington, D.C.

For the Washington Professional Exchange Program:

- One employee, who lived in the Baltimore metropolitan area, received lodging and per diem allowances for the entire 2-week period of the program;
- One employee, who lived in the Baltimore metropolitan area, received lodging and per diem allowances for 3 weeks and only per diem for the 4th week. For the days without lodging, the employee was reimbursed for the MARC commuter train; and
- One employee, who lived between Washington, DC and Baltimore in Northern Montgomery County, received only per diem allowances and only for 4 days. The employee was also reimbursed for daily mileage and parking; and
- For the employees who received only per diem allowances, there was no documentation that the employees were in a travel status in excess of 12 hours.

For the conferences:

- There were seven instances of an employee who lived in the Baltimore metropolitan area, receiving lodging

and per diem allowances for the duration of the conference;

- An employee who lived in the Washington, DC metropolitan area received reimbursement for parking;
- An employee who lived in the Washington, DC metropolitan area was not reimbursed for any expenses.

With the exception of one employee who attended the Field Managers Conference, we found no documentation that a deviation from the Agency's past practice was approved in advance. The Division of Operations-Management justified the lodging and per diem allowances on the basis that activity at the conference occurred in the evening. The Division of Operations-Management also used a similar justification after the fact when the OCFO questioned the expenses after a travel claim was submitted by an employee for the Washington Professional Exchange Program.

There may be appropriate reasons to justify lodging and per diem allowances for an employee traveling within the 50 mile radius of the duty station, but the NLRB has not established such criteria for that determination. Given that lack of criteria, we are concerned that management in the Division of Operations-Management used a post hoc justification for the lodging and per diem expenses that is not supported by either the Washington Exchange Program's agenda or the practice of the employees who participate in the program.

Recommendation

11. We recommend that the OCFO develop and implement policies and procedures for the travel of employees in a local commuting area.

Reporting Requirements

The Appropriations Acts for 2013, 2014, 2015, and 2016 require agencies to:

- Provide an annual report to its Inspector General with the purpose, number of participants and contracting procedures for all conferences greater than \$100,000; and

- Within 15 days of any conference over \$20,000, agencies shall notify the Inspector General of the date, location, and number of employees attending the conference.

The Agency had five conferences that exceeded the \$20,000 reporting threshold, of which four also exceeded the \$100,000 reporting requirement threshold. The Agency did not provide any annual reports and, with the exception of the Office Managers Conference, did not notify the OIG within 15 days of conferences with expenses exceeding \$20,000.

OMB Memorandum 12-12 requires that the Agency, by January 31 of each year, publicly report on its Web site, all conferences with expenses over \$100,000 in the prior fiscal year. The Agency met this requirement for the two conferences that exceeded \$100,000 in FY 2014, but did not meet it for the two conferences that exceeded \$100,000 in FY 2015.

OMB Memorandum 12-12 also requires that Deputy Secretaries (or their equivalent) approve spending for conferences with expenses greater than \$100,000. The report posted on the NLRB Web site states that the Chairman and the General Counsel “approve all planned conferences.” We reviewed procurement documents, conference planning documents, email messages from the conference planners, and we requested the documentation of approval of expenses. We found no documentation that the Chairman or the General Counsel approved the expenses for the four conferences with expenses greater than \$100,000.

Recommendations

12. We recommend that the Division of Administration and the OCFO develop procedures for providing timely conference reports to the OIG.
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.

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.

SUMMARY OF QUESTIONED COSTS

The table below summarizes the questioned costs identified throughout the report:

Type	Total	Questioned Costs
Academic Classes	\$36,095.60	\$36,095.60
ALJ Conference	\$74,361.81	\$6,176.90
Field Managers Conference	\$161,554.47	\$7,041.60
Office Managers Conference	\$141,333.06	\$3,477.00
Trial Training Conference	\$249,620.01	\$3,529.87
Total		\$56,320.97

APPENDIX



UNITED STATES GOVERNMENT

NATIONAL LABOR RELATIONS BOARD

**1015 Half Street, S.E.
WASHINGTON DC 20570**

DIVISION OF ADMINISTRATION

September 26, 2016

TO: David P. Berry, Inspector General

FROM: Lasharn Hamilton, Director of Administration
Mehul Parekh, Chief Financial Officer

SUBJECT: Response to Audit of Training and Conferences

We have reviewed the subject audit report on Training and Conferences. Our responses to the recommendations follow:

1. *IG Recommendation: We recommend that the OED and the Office of the Chief Financial Officer develop and implement policies and procedures for the timely recording of training obligations.*

Since the audit was conducted, the Office of Employee Development (OED) and the Office of the Chief Financial Officer (OCFO) have been working closely to improve the process for recording training obligations in a timely manner. OED and OCFO will continue to work together to enhance the process by which training gets approved in the agency and will develop and implement formal policies and procedures to ensure timely recording of training obligations.

Formal policies and procedures will be developed and implemented no later than October 1, 2017.

2. *IG Recommendation: We recommend that OED develop and implement policies and procedures for documenting employee attendance at Agency-funded training.*

OED will develop policies and procedures for documenting employee attendance at Agency-funded training and will implement a process and internal controls for verifying attendance no later than October 1, 2017.

3. *IG Recommendation: 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.*

OED provides guidance on individual development plans (IDPs) and posts an IDP form on the Employee Development website. Using IDPs has been mostly voluntary with the

exception of some specialized programs. For example, the Division of Operations Management currently uses IDPs for office managers in the field offices and for participants in the bridge program.

Prior to the issue of the audit report, OED developed plans to expand the use of IDPs, as well as an online IDP form to replace the legacy paper form. The Agency recognizes and agrees that IDPs are not only an excellent tool for verifying that individual training requests meet an identified training need, but also that IDPs are a best practice for aligning training and development with individual and organizational needs.

Thus, OED will establish an IDP program for all employees to ensure that training provided by the Agency meets an identified need for the Agency and is directly related to the employee's official duties, duties the employee can reasonably expect to perform in the near future, and duties connected to the mission of the Agency.

OED will implement an IDP program beginning in June 2017.

4. *IG Recommendation: We recommend that:*

a. OED obtain a decision from the Board and General Counsel on whether the Agency will have an academic degree program;

b. If a program is approved, OED develop and implement the program prior to approving only colleges courses for the degree; and

c. If a program is not approved, OED not approve training consisting of academic courses unless it meets an identified need.

OED will review the guidance on academic degree programs from the Office of Personnel Management (OPM) and will obtain a decision from the Board and General Counsel on whether the Agency will have an academic degree program. If approved, OED will establish and publicize policies and procedures for an academic degree program to ensure that the program is administered in a fair and equitable manner. Whether or not a degree program is approved, OED will review supervisory-approved training to ensure that it meets an identified need of the Agency. If so, OED will issue final approval.

OED will obtain a decision from the Board and General Counsel on whether or not to have an academic degree program by January 1, 2017. If approved, policies and procedures for a degree program will be publicized and implemented no later than October 1, 2017. Requests for academic courses that are not part of a degree program will be subject to the IDP program described in the recommendation 3 above.

5. *IG Recommendation: We recommend that OED require continuing service agreements for all employees taking training.*

The parameters for implementing continuing service agreements (CSAs) for training are at the discretion of Agency heads according to Title 5 USC §4108(a)(1): "a) An employee selected for training for more than a minimum period prescribed by the head of the Agency shall agree in writing with the Government before assignment to training that he will—

(1) continue in the service of his agency after the end of the training period for a period at least equal to three times the length of the training period unless he is involuntarily separated from the service of his agency”

OED will seek a decision from the Chairman and General Counsel as to whether to implement CSAs and, if so, what parameters should be used. Thereafter, it will develop, publicize and implement approved policies and procedures. OED will obtain a decision by January 1, 2017.

6. *IG Recommendation: We recommend that OED implement and maintain the Agency’s Management Development Program.*

Since the audit was conducted, OED has begun work on revising the Management Development Program to better provide training for new supervisors, offer mandatory refresher training for existing supervisors and managers, and align the program curriculum with OPM’s Supervisory and Managerial Training Framework published on September 28, 2015. OED will complete the revisions to the Program and implement and maintain the program as recommended.

Revisions to the Management Development Program will be completed by June 1, 2017. The revised program will be implemented no later than October 1, 2017.

7. *IG Recommendation: We recommend that the Division of Administration develop and implement a Management Succession Plan.*

We agree and the Division of Administration has been tasked with coordinating with Agency stakeholders to develop and implement a robust Management Succession Plan. The Division will develop an action plan and timeline by January 1, 2017.

8. *IG Recommendation: We recommend that the Division of Administration develop and implement a program for Senior Executive Development Plans.*

We agree and, before the audit, procured USA Performance for this purpose. The Office of Human Resources will coordinate with OED to further develop and implement Senior Executive Development Plans for all SES employees for the upcoming SES appraisal cycle.

9. *IG Recommendation: We recommend that the Division of Administration and the OCFO develop and implement policies and procedures for employee conference management.*

The OCFO acknowledges its shared responsibility with the Division of Operations Management (for field employees only) and the Division of Administration to ensure that expenditures related to Agency-hosted conferences, as well as travel and other associated expenses, are in the best interest of the NLRB. We agree that, as stewards of taxpayer dollars, we must seize every opportunity to exercise prudent fiscal responsibility in planning, attending, and hosting conferences.

As part of the budget approval process, the OCFO will continue to ensure that any request by NLRB program offices to hold a conference is fully coordinated with the Agency leadership prior to the allocation of any funding toward the effort. When Agency leadership has

formally approved such requests, the program offices are notified to move forward with any further planning. The OCFO agrees that the Agency would benefit from implementing a formal decision-making and approval process for all conference-related activities. Thus, the OCFO, Division of Administration (and Division of Operations Management, when appropriate) will coordinate efforts to develop and implement guidance, policies and processes for formal approval of all conference expenses by the Chairman and General Counsel, or their designees. The OCFO and the Division of Administration will implement a set of internal controls to ensure regulatory requirements are met. The controls will also establish parameters related to who and how many employees need to attend a conference, as well as an assessment of alternative methods of participation (e.g. teleconference, video conferencing, and web-based communications) are available, practical and beneficial to meet the Agency's goals.

Guidance, policies, processes, and internal controls for managing conference planning and execution, including formal approval of conference expenses, will be established and implemented no later than June 1, 2017.

10. IG Recommendation: We recommend that the OCFO develop and implement policies and procedures for the procurement of food and beverages at employee conferences.

The Agency agrees with the recommendation that the NLRB should implement a formal policy addressing the procurement of food and beverages at Agency conferences. We further agree that requirements for food and beverages should be clearly documented and agreed upon as part of the initial conference planning and approval package. Before the audit, the Agency had an established food purchase policy providing general guidelines for purchasing refreshments and meals at certain authorized events. However, based on discussions while the audit was ongoing, this policy was recently modified and a copy was provided to the IG. The policy emphasizes the need to apply a measure of reasonability in ordering food and related services. The policy does not provide a ceiling on the purchase of food at conferences since, for example, hotel costs may vary greatly depending upon the geographic area. The IG report also raised concern regarding the Agency procuring the services of a bartender and requiring a cash bar for the events. A Statement of Work that required that a cash bar be available for the attendees, was honored through a competitive procurement process as a package deal for the entire event. However, it was never the intent of the Agency to buy, nor did it actually engage in procuring alcohol for the attendees. Alcoholic beverages were purchased directly by the attendees at their own expense. However, in the future, the Agency will ensure that staffing a cash bar for serving alcoholic beverages is not identified as a requirement for employee conferences.

The OCFO updated its food procurement policy in response to the audit recommendations as of September 1, 2016. The agency will also address this recommendation further in the conference management policy discussed above.

11. IG Recommendation: We recommend that the OCFO develop and implement policies and procedures for the travel of employees in a local commuting area.

The Agency agrees and the OCFO is currently drafting a Local Travel Policy, which will clarify and standardize the treatment of travelers in a local commuting area.

The OCFO plans to issue policies and procedures for local travel by February 28, 2017.

12. *IG Recommendation: We recommend that the Division of Administration and the OCFO develop procedures for providing timely conference reports to the OIG.*

The Agency agrees and the OCFO and Division of Administration will work together to develop procedures for providing timely conference reports to the OIG.

Reports will be coordinate by OED and will be submitted timely to the OIG beginning immediately.

13. *IG Recommendation: 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.*

The Agency agrees and the OCFO and the Division of Administration will work together to implement clear guidelines and procedures to ensure conference spending is approved by the proper Agency authorities, which are the Chariman and General Counsel or their respective designees.

The approval package for consideration will include at a minimum: 1) A proposed agenda, including any anticipated after-hours events; 2) Itemized cost estimates of conference expenditures; 3) Conference dates; 4) Number of attendees; 5) Proposed location; 6) Proposed method of payment; 7) Statutory or regulatory authority (if applicable); and 8) Any risk analysis that discusses the consequences that will ensue to the Government if the conference is not held.

The Agency concurs that employee conference planning, attendance, and participation should be of direct benefit to the Agency and serve identifiable mission-related training interests.

The Division of Administration and OCFO will begin consuting the Chairman and General Counsel immediately regarding the approval of all conferences as events are planned. Guidance and procedures to ensure conference spending is approved by the proper Agency authorities are currently being developed and will be implemented no later than June 1, 2017.

14. *IG Recommendation: 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.*

The Agency agrees and the OCFO will work with the Division of Administration to implement clear guidelines and procedures for the reporting of conference expenses to the Office of Management and Budget, when appropriate, starting immediately.

cc: Mark G. Pearce, Chairman
Richard F. Griffin, Jr., General Counsel
Jennifer A. Abruzzo, Deputy General Counsel