



United States Government
National Labor Relations Board
Office of Inspector General

Semiannual Report
October 1, 2019 – March 31, 2020

EXECUTIVE SUMMARY

I hereby submit this Semiannual Report for the period October 1, 2019 – March 31, 2020. 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 National Labor Relations Board 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 four audit reports, including the annual audit of the financial statements and the annual review required by the Federal Information Security Modernization Act; 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. The Office of Inspector General also conducted the Quality System Review of the Peace Corps Office of Inspector General. In the investigation program, the Office of Inspector General processed 168 Hotline contacts, closed 3 cases, and issued 2 investigative reports. Our investigative efforts resulted in a suspension and a resignation in lieu of disciplinary action. There was also a \$6,683.04 investigative recovery. One matter was referred to the U.S. Department of Justice.

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



David Berry
Inspector General
April 30, 2020

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AGENCY PROFILE

The National Labor Relations Board (NLRB or Agency) is an independent Federal agency established in 1935 to administer the National Labor Relations Act. The National Labor Relations Act 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.

During this reporting period, Member John F. Ring continued to serve as Chairman. Lauren McFerran, Marvin Kaplan, and William Emanuel continued to serve as Members with Member McFerran's term ending on December 16, 2019. Peter B. Robb continued to serve as General Counsel.

NLRB Headquarters is located at 1015 Half Street, SE, Washington, DC. In addition to the Headquarters building, employees are located in 48 field offices and 2 satellite offices for administrative law judges. The NLRB has designated 26 of the 48 field offices as Regional Offices.

Additional information about the NLRB can be found at www.NLRB.gov.

OFFICE OF INSPECTOR GENERAL

NLRB established the Office of Inspector General (OIG) pursuant to the 1988 amendments to the Inspector General Act of 1978 (IG Act).

RESOURCES

In addition to the Inspector General, the OIG staff positions consist of a Counsel/Assistant Inspector General for Investigations, an Assistant Inspector General for Audits, three auditors, and a staff assistant. Additionally, the OIG staff is augmented by contract auditors. The Assistant Inspector General for Audits position was vacant during the reporting period. In our Fiscal Year (FY) 2020 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, we issued four audit reports, including the annual audit of the financial statements and the annual review required by the Federal Information Security Management Act (FISMA); 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. The OIG also conducted the Quality System Review of Peace Corps OIG.

We issued Audit Report [OIG-F-24-20-01, Audit of the NLRB Fiscal Year 2019 Financial Statements](#), on November 15, 2019. The audit, performed by an independent public accounting firm, found that the NLRB's FY 2019 Financial Statements were fairly stated. The audit report stated that there was one significant deficiency related to the internal control over accounts payable and accrued expenses. The report made one recommendation for corrective action. Management agreed to implement the recommendation.

The [Management Letter](#), issued as part of the financial statement audit process, contained findings related to the management of the Government charge cards, quality controls related to financial reporting and accounting discrepancies; and information technology security controls and monitoring. The management letter contained four new recommendations and noted which recommendations related to the prior years' findings remained open.

We issued [OIG-AMR-88-20-03, Backpay Accounting](#), on December 10, 2019. During the Audit of the Fiscal Year 2018 Financial Statements, the auditors observed, in a random sample, that there were recurring monthly journal voucher entries related to backpay balances. The objectives of this audit were to determine the appropriateness of recurring backpay journal voucher entries and to determine whether there are adequate internal controls in place for updating and

certifying backpay journal voucher entries and reconciling backpay balances in the Agency's financial system. The scope of the audit is the backpay journal vouchers during FY 2018.

We determined that the stated justification in the supporting documentation for the journal voucher entries was not accurate and was misleading. We also observed that the Finance Branch did not have a process to seek refunds of tax payments for taxes paid on cancelled disbursements. As a result, the Agency overpaid taxes. We determined that the Finance Branch personnel were not appropriately implementing the internal controls for the journal vouchers or conducting reconciliations. We made eight recommendations for corrective action.

Management generally agreed with the findings and stated its commitment to resolving the findings and implementing the recommendations. Prior to the end of this reporting period, Management completed implementation of one of the recommendations.

We issued Audit Report [OIG-AMR-89-20-01, DATA Act](#), on October 31, 2019. The audit was completed to meet the requirements of the Digital Accountability and Transparency Act of 2014 (DATA Act). The DATA Act, in part, requires that Federal agencies report financial and payment data for publication on USAspending.gov in accordance with Governmentwide financial data standards established by the U.S. Treasury (Treasury) and OMB. The DATA Act also requires the Office of Inspector General of each Federal agency to report on its agency's DATA Act submission and compliance in the form of three reviews. This was the report for our second review.

The objectives of the audit were to evaluate whether the NLRB's internal controls over spending data were properly designed, implemented, and operating effectively to manage and report financial and award data in accordance with the DATA Act; assess the completeness, timeliness, quality, and accuracy of the NLRB's first quarter FY 2019 financial award data submitted for publication on USAspending.gov; and assess the NLRB's implementation and use of the Governmentwide financial data standards established by the OMB and the Treasury.

For the first objective, we determined that the NLRB's internal controls over the DATA Act submission were not sufficient to allow the Senior Accountable Officer, who is the Chief Financial Officer, to provide reasonable assurance that the Agency's financial and award data submitted for publication on USAspending.gov were complete, timely, accurate, and of quality. For the second objective, based upon the identified material issues with timeliness, completeness, and accuracy, we determined that the NLRB's data was of "moderate quality." For the third objective, we determined that the Interior Business Center, the Agency's Federal Shared Service Provider, is responsible for determining the applicable data standards for its customers.

Because the findings of this review closely aligned with the findings of our first review, we determined that the implementation of the remaining open recommendations from the first review should remedy the conditions and causes

that resulted in the reported findings. The Management generally agreed with the findings. Management noted that they will continue to work on resolving the deficiencies and implementing the recommendations from the prior DATA Act audit.

We issued Audit Report [OIG-AMR-90-20-02, Fiscal Year 2019 FISMA](#), on December 5, 2019. The audit was completed to meet the FISMA annual review requirement of the Agency's information technology controls for compliance with Federal standards. The audit, performed by an independent public accounting firm, had two findings. One finding was related to encryption and the other finding was related to access, identification and authentication policies. The report also stated that only one of the five information technology security functions was at the *Managed and Measurable* level and that the NLRB could make improvements in all five of the security functions. The report made three recommendations for corrective actions. Management agreed with the finding related to encryption and disagreed with the finding related to access, identification, and authentication policies.

We issued a memorandum identifying the Agency's **Top Management and Performance Challenges** on October 18, 2019. 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 27, 2020, 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 12 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, Peace Corps. Federal audit organizations can receive a rating of *pass*, *pass with deficiencies*, or *fail*. Our report stated that the Office of Inspector General, Peace Corps, 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 168 contacts, closed 3 cases, and issued 2 investigative reports. Our investigative efforts resulted in a suspension and a resignation in lieu of disciplinary action. There was also a \$6,683.04 investigative recovery. One matter was referred to the U.S. Department of Justice.

Case Workload		Contacts Processed	
Open (10/1/2019)	6	Received	168
Initiated	0	Initiated Investigation	0
Closed	3	Opened Case -- Referred to Agency	0
Open (3/31/2020)	3	Non-Investigative Disposition	168

Investigative Highlights for Reports Issued, Cases Closed, and Referrals

We investigated allegations that a senior Government employee violated the *Standards of Conduct for Employees of the Executive Branch* by knowingly accepting and using false documentation from a contractor and authorizing payments to the contractor for work that was not completed. The matter was referred to the Department of Justice. Prosecution was declined. We then issued an administrative report substantiating the allegations. Management is considering disciplinary action. (OIG-I-540)

We previously reported an investigation involving an allegation that an employee misused Agency property for a personal benefit. We substantiated the allegation and issued a report. During this reporting period the employee received a 3-day suspension. We closed the case. (OIG-I-554)

We investigated an allegation regarding false time and attendance submissions. The matter was referred to the Department of Justice. Prosecution was declined. We then issued an administrative report substantiating the allegation. The employee resigned pursuant to an agreement after receiving a notice of proposed suspension. The employee also agreed to the forfeit the balance of a time off award at a value of \$6,683.04. We closed the case. (OIG-I-556)

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 168 Hotline contacts, of which 90 were telephone calls or walk-ins and 78 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.

During the current Congress, 28 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. 779 & S. 226	Tribal Labor Sovereignty Act of 2019;
H.R. 1855	Employee Rights Act;
H.R. 2148 & S. 1082	BE HEARD in the Workplace Act;
H.R. 2259	Truth in Employment Act of 2019;
H.R. 2474 & S. 1306	Protecting the Right to Organize Act of 2019;
H.R. 2571 & S. 525	National Right-to-Work Act;
H.R. 2749 & S. 1491	Restoring Justice for Workers Act;
H.R. 2992 & S. 1633	RAISE Act;
H.R. 4164 & S. 2439	Trademark Licensing Protection Act of 2019;
H.R. 5104 & S. 3219	Respect Graduate Student Workers Act;
H.R. 5147	Worker's Choice Act of 2019;
H.R. 5712 & S. 3255	Nationwide Right to Unionize Act;
H.R. 6379	Take Responsibility for Workers and Families Act;
S. 664	Protecting Workers' Freedom to Organize Act;
S. 915	Reward Work Act;
S. 1753	Take Care Act;
S. 2468	Workers' Right to Train Act;
S. 2709	Protecting American Jobs Act; and
S. 2929	Violence Against Women Reauthorization Act of 2019.

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.

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 (GAO), with a view toward avoiding duplication and ensuring effective coordination and cooperation. During this reporting period, GAO did not conduct any activity involving the NLRB's programs or operations.

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 Reports to Congress, 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 36 corrective actions described or otherwise noted in previous semiannual reports that have not been implemented. (See also 10(C) below)

(4) One matter was referred to the U.S. Department of Justice (DOJ).

(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
Mission Support NLRB Fiscal Year 2019 Financial Statements OIG-F-23-19-01	0	0	0
Mission Support Backpay Accounting OIG-AMR-88-19-03	0	0	0
Mission Support DATA Act OIG-AMR-89-20-01	0	0	0
Mission Support Fiscal Year 2019 FISMA OIG-AMR-90-20-02	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
FY 2015					
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	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	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.
Link to OIG-F-19-15-01					

FY 2016					
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	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	11	We recommend that the OCFO develop and implement policies and procedures for the travel of employees in a local commuting area.

[Link to OIG-AMR-77-16-02](#)

FY 2017					
OIG-F-21-17-01	Audit of the NLRB Fiscal Year 2016 Financial Statements	11/3/2016	11/3/2016	3	Develop a process for in-depth and detailed management quality control reviews of the financial statements and notes, journal vouchers, and accounting transactions to ensure they are properly and timely reported and recorded.
OIG-F-21-17-01	Audit of the NLRB Fiscal Year 2016 Financial Statements	11/3/2016	11/3/2016	5	Ensure that all assets are properly recorded in the subsidiary ledger and related accounting records and depreciated in a manner that properly reflects asset, contra-asset, and expense balances.
OIG-F-21-17-01	Audit of the NLRB Fiscal Year 2016 Financial Statements	11/3/2016	11/3/2016	6	Develop and implement a process to enter and track all property equipment in the Oracle Fixed Asset Module.
OIG-F-21-17-01	Audit of the NLRB Fiscal Year 2016 Financial Statements	11/3/2016	11/3/2016	7	Develop and implement standardized policies and procedures to ensure accountability, monitoring, and oversight of the PP&E disposals and lost capitalized equipment, including notification to the Office of Inspector General for lost equipment.
OIG-F-21-17-01	Audit of the NLRB Fiscal Year 2016 Financial Statements	11/3/2016	11/3/2016	8	Define authorities and responsible parties for managing all capitalized assets to maintain physical control in securing and safeguarding NLRB assets.

[Link to OIG-F-21-17-01](#)

FY 2018					
OIG-AMR-83-18-01	DATA Act Implementation	10/30/2017	10/30/2017	1	Develop and implement internal controls to ensure that: a. Parent IDs are uniform in the data reported to FPDS and the financial system; b. Procurement awards are reported to FPDS as required by Section 4.606 of the FAR; and c. File C contains all of the financial data for the procurement awards that are reported in File D1 prior to submitting the files to the DATA Act broker.
Link to OIG-AMR-83-18-01					
OIG-AMR-80-18-02	Purchase Cards	8/16/2018	8/16/2018	1	Revise the Management Plan to address the noted deficiencies.
OIG-AMR-80-18-02	Purchase Cards	8/16/2018	8/16/2018	2	Establish procedures to ensure that the master files meet all of the legal and regulatory requirements.
OIG-AMR-80-18-02	Purchase Cards	8/16/2018	8/16/2018	3	Coordinate with OED to ensure that the Agency's purchase card training meets all of OMB's requirements.
OIG-AMR-80-18-02	Purchase Cards	8/16/2018	8/16/2018	4	Develop and implement controls to ensure that all participants in the purchase card program meet the training requirements.
OIG-AMR-80-18-02	Purchase Cards	8/16/2018	8/16/2018	5	Develop and implement processes and procedures to ensure that reconciled statements are accurate and complete.
OIG-AMR-80-18-02	Purchase Cards	8/16/2018	8/16/2018	6	Develop and implement processes and procedures regarding the content of pre-approvals.
OIG-AMR-80-18-02	Purchase Cards	8/16/2018	8/16/2018	7	Develop and implement processes and procedures to ensure that purchase cards are cancelled when cardholders separate from the Agency.
OIG-AMR-80-18-02	Purchase Cards	8/16/2018	8/16/2018	8	Develop procedures to ensure that purchase cardholders and approving officials follow existing Agency policies and procedures regarding the type of supporting documentation that is acceptable for statement reconciliations.
Link to OIG-AMR-80-18-02					
FY 2019					
OIG-F-23-19-01	Audit of NLRB Fiscal Year 2018 Financial Statements	11/13/2018	11/13/2018	1	Perform detailed management quality control reviews over the processing of JVs, year-to-year account balance variances, and accrual estimates to ensure discrepancies are minimized and errors are timely corrected.

OIG-F-23-19-01	Audit of NLRB Fiscal Year 2018 Financial Statements	11/13/2018	11/13/2018	2	Refine and strengthen policies, procedures, and processes over JVs and PP&E to ensure transactions are adequately supported and recorded accurately.
OIG-F-23-19-01	Audit of NLRB Fiscal Year 2018 Financial Statements	11/13/2018	11/13/2018	4	Ensure reconciliations contain evidence of all appropriate reviews and approvals.
OIG-F-23-19-01	Audit of NLRB Fiscal Year 2018 Financial Statements	11/13/2018	11/13/2018	11	Develop and implement policies and procedures to review the SOC1 reports annually.
OIG-F-23-19-01	Audit of NLRB Fiscal Year 2018 Financial Statements	11/13/2018	11/13/2018	12	Identify controls that are not covered by the SOC1 report for OFF and FPPS and ensure they are assessed at least annually.
Link to OIG-F-21-19-01					
OIG-F-23-19-01 (ML)	Audit of NLRB Fiscal Year 2018 Financial Statements - Management Letter	1/8/2019	1/8/2019	8	Schedule future maintenance and perform them according to the schedule.
Link to OIG-F-23-19-01 (Management Letter)					
OIG-AMR-86-19-01	SES Pay	3/15/2019	3/15/2019	1	Establish, document and revise policies for setting and adjusting SES employee's rate of basic pay.
OIG-AMR-86-19-01	SES Pay	3/15/2019	3/15/2019	5	Ensure policies over documented justification and approval for establishing and adjusting the SES rate of basic pay above the Executive Schedule Level III cap are consistently followed.
OIG-AMR-86-19-01	SES Pay	3/15/2019	3/15/2019	6	Ensure proper justification and approval from the appointing authority/authorized agency official for establishing and adjusting the SES rate of basic pay above the Executive Schedule Level III cap are properly obtained, documented and maintained.
Link to OIG-AMR-86-19-01					
OIG-AMR-82-19-03	Internal Control over Backpay Disbursements	9/20/2019	9/20/2019	1	Develop and implement a system of controls to address NxGen data accuracy and reliability.
OIG-AMR-82-19-03	Internal Control over Backpay Disbursements	9/20/2019	9/20/2019	2	Provide training to Regional Office personnel who are involved in the backpay process on the requirements of the internal controls related to backpay payments.
OIG-AMR-82-19-03	Internal Control over Backpay Disbursements	9/20/2019	9/20/2019	3	Update the internal controls related to documenting the receipt of discriminatee backpay checks to leverage the current practices and capabilities of NxGen.
OIG-AMR-82-19-03	Internal Control over Backpay Disbursements	9/20/2019	9/20/2019	5	Develop a process to promptly notify a Regional Office when a backpay payment is cancelled and

					obtain instructions on the disposition of the returned funds.
OIG-AMR-82-19-03	Internal Control over Backpay Disbursements	9/20/2019	9/20/2019	6	Develop, document, and implement procedures for performing Finance scans on all backpay disbursements.
Link to OIG-AMR-82-19-03					

(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 Office of Inspector General, Federal Housing Finance Agency. The peer review report was issued on February 1, 2018. 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 audit program of the Office of Inspector General, Peace Corps. The System Review Report and accompanying Letter of Comment were issued on March 27, 2020.

(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
2	1	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:

Facts and Circumstances of the Investigation.	We investigated allegations that a senior Government employee violated the <i>Standards of Conduct for Employees of the Executive Branch</i> by knowingly accepting and using false documentation from a contractor and authorizing payments to the contractor for work that was not completed.
OIG-I-540	
Status and Disposition of the Matter	The matter was referred to the Department of Justice. Prosecution was declined. We issued an administrative report, dated December 2, 2019, substantiating the allegations. Management is considering 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) Other than the hiring funding described in the main report, there were no attempts by the establishment to interfere with the independence of the OIG that involved budget constraints designed to limit the capabilities of the OIG or incidents where when it was apparent that the establishment resisted or objected to the OIG's oversight activities or restricted or significantly delayed access to information.

(22) Disclosure of closed items:

(A) During the reporting period, the OIG did not close any inspections, evaluations, or audits that were not disclosed to the public: and

(B) 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
Federal Housing Finance Agency

400 7th Street SW, Washington, DC 20219

System Review Report

February 1, 2018

David P. Berry, Inspector General
National Labor Relations Board

We have reviewed the system of quality control for the audit organization of the National Labor Relations Board (NLRB) Office of Inspector General (OIG) in effect for the 18-month period ended September 30, 2017. The 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 *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*. During our review, we interviewed NLRB OIG personnel and obtained an understanding of the nature of the NLRB OIG audit organization, and the design of NLRB OIG's system of quality control sufficient to assess the risks implicit in its audit function. Based on our assessments, we selected 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 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.

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 18-month period ended September 30, 2017, 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 the 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 includes NLRB OIG's comments to this report.

Sincerely,



Laura S. Wertheimer
Inspector General

Enclosures

Scope and Methodology

We tested compliance with NLRB OIG audit organization's system of quality control to the extent we considered appropriate. These tests included a review of all three audit reports issued by NLRB OIG during the period April 1, 2016, through September 30, 2017. Additionally, we reviewed one terminated audit and internal quality control reviews performed by NLRB OIG.

Reviewed Audits Performed by NLRB OIG:

<u>Report No.</u>	<u>Report Date</u>	<u>Report Title</u>
OIG-AMR-79-17-01	5/16/2017	Backpay Payments
OIG-AMR-77-16-02	9/27/2016	Training and Conferences
OIG-AMR-78-16-01	5/12/2016	Freedom of Information Act

In addition, we reviewed NLRB OIG's monitoring of the following contracted audit performed by an IPA during the period April 1, 2016, through September 30, 2017.

<u>Report No.</u>	<u>Report Date</u>	<u>Report Title</u>
OIG-F-21-17-01	11/3/2016	Audit of the National Labor Relations Board Fiscal Year 2016 Financial Statements

We visited NLRB OIG's office located in Washington, DC.

This report was produced by OIG personnel using a standard copier and supplies.

**Report
Fraud, Waste, and Abuse**

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