



United States Government
National Labor Relations Board
Office of Inspector General

Semiannual Report
April 1, 2022 – September 30, 2022

EXECUTIVE SUMMARY

I hereby submit this Semiannual Report for the period April 1, 2022 – September 30, 2022. 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 three audit reports, including the annual review required by the Federal Information Security Modernization Act, and completed the Payment Integrity Information Act of 2019 report to Congress and the Office of Management and Budget. The Office of Inspector General also conducted the Quality System Review of the Office of Inspector General, National Endowment for the Arts. In the investigation program, the Office of Inspector General processed 307 contacts, initiated five investigations, and issued three reports. One employee received a written reprimand. Four matters were referred to the U.S. Department of Justice, and one indictment was filed.

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

A handwritten signature in black ink, appearing to read "David Berry". The signature is stylized and cursive.

David Berry
Inspector General
October 28, 2022

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

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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 protect and implement employees' free choice 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 Lauren McFerran continued to serve as Chairman with Members Marvin E. Kaplan, John F. Ring, Gwynne A. Wilcox and David M. Prouty. General Counsel Jennifer A. Abruzzo continued to serve in that position.

The NLRB Headquarters is located at 1015 Half Street, SE, Washington, DC. In addition to the Headquarters building, the NLRB has 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

The 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, and three auditors. Additionally, the OIG staff is augmented by contract auditors. The OIG was working to fill two additional auditor positions to ensure adequate oversight of the NLRB's mission functions; however, in light of the NLRB's Fiscal Year (FY) 2022 appropriation, those efforts are on hold until FY 2023.

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 three audit reports, including the annual review required by the Federal Information Security Modernization Act (FISMA), and completed the Payment Integrity Information Act of 2019 report to Congress and the Office of Management and Budget (OMB). We also conducted the Quality System Review of the OIG, National Endowment for the Arts (NEA).

We issued Audit Report OIG-AMR-97-22-04, **Casehandling Efficiency**, on June 27, 2022. In December 2018, Memorandum GC-19-02, Reducing Case Processing Time, was issued stating that one of the major objectives was to ensure the processing of cases in a timely manner and improve the NLRB's service to the public. The objective of the audit was to determine the impact and effectiveness of Memorandum GC 19-02. The scope of the audit was unfair labor practice or "C cases" processed during FY 2019 and 2020.

We found that the Filing to Disposition Reports used to create the FY 2018 base year and the calculation of performance data for the reduction in time from the filing of a charge to its disposition in the FY 2019 and FY 2020 Performance and Accountability Reports (PAR) were incomplete. Our testing also found that the data in the Filing to Disposition Reports could not be verified or reconciled to the data in the NLRB's NxGen case processing system's data fields and was therefore not accurate. Additionally, the NLRB lacked internal controls to ensure that it met its strategic goals. We also found that the case processing time goal to achieve a 20 percent reduction in the filing to disposition time was set in a manner that was arbitrary and that the NLRB statistic reported in the FY 2019 and FY 2020 PARs was misleading. Our trend analysis of charge dispositions in FY 2019 and FY 2020 did not support that the objective of reducing case processing time was met. We made three recommendations for corrective action.

In the Management Comments, the Division of Operations-Management generally agreed with the findings and recommendations. The comments stated that Memorandum GC 19-02 was rescinded, on May 27, 2022, when the current General Counsel issued Memorandum GC 22-05, Goals for Initial Unfair Labor Practice Investigations. The comments also stated that new case-processing measures were implemented in Strategic Plan FY 2022-2026 that was adopted in March 2022. Before the end of this reporting period, Management implemented two of the three recommendations.

We issued Audit Report OIG-AMR-100-22-05, **Federal Information Security Modernization Act Audit for Fiscal Year 2022**, on August 26, 2022. 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 one finding and recommendation related to updating a system security and privacy plan. In the report, the auditors stated that the NLRB continued to make improvements as compared to the prior year's audit. The audit report also stated that all five

security functions were at the *Optimized* level. As a result, the overall assessment of NLRB's information security program was "effective."

We issued Audit Report OIG-AMR-98-22-06, **Division of Judges**, on September 29, 2022. Section 3105 of Title 5 U.S. Code provides that proceedings requiring a hearing by an Administrative Law Judge (ALJ), such as the prosecution of unfair labor practice charges, shall be assigned to ALJs in rotation as far as practicable. In 1995, the Board set up time targets based on the length of the transcript and the days from the hearing. The objective of this audit was to determine the effectiveness of internal controls to ensure the ALJ cases are appropriately assigned and ALJ decisions are issued in a timely manner. The scope of this audit was ALJ cases assigned during FY 2019 – FY 2021.

We determined that the NxGen data related to ALJ case assignments and timeliness of decisions was not complete or accurate. To complete the audit, we compiled data from the source records and tested timeliness and then used the data to review the assignment of cases. We found that during the 3-year scope period, the ALJs and the Division of Judges offices generally did not meet the time targets set by the Board. We also generally found the cases in the Washington Division of Judges office were not assigned on a rotational basis as far as practicable; however, the cases in the New York and San Francisco offices appeared to meet that requirement. We determined that the Division of Judges lacked an appropriate internal control environment. We made four recommendations for corrective action.

The Management Comments generally acknowledged the findings and stated agreement with the recommendations.

On April 29, 2022, we complied with the provisions of the **Payment Integrity Information Act of 2019** and reported to the Congress and OMB documenting our review of the Agency's improper payment reporting in the Performance and Accountability Report. We concurred with the Agency's determination that the NLRB does not have a risk of significant improper payments.

On September 12, 2022, we completed the **Quality System Review** (peer review) for the audit organization of the OIG, NEA. Federal audit organizations can receive a rating of *pass*, *pass with deficiencies*, or *fail*. Our report stated that the OIG, NEA, received a rating of *pass with deficiencies*.

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 307 contacts, initiated five investigations, and issued three reports. One employee received a written reprimand. Four matters were referred to the U.S. Department of Justice, and one indictment was filed.

Case Workload		Contacts Processed	
Open (4/1/2022)	4	Received	307
Initiated	5	Initiated Investigation	1
Closed	5	Opened Case -- Referred to Agency	0
Open (9/30/2022)	4	Non-Investigative Disposition	306

Investigative Highlights

We previously reported an investigation involving an allegation that a senior Government employee engaged in misconduct by failing to follow Agency regulations and procedures and then lacked candor regarding the matter. We issued an administrative report and then provided a supplement report. During this reporting period, the employee received additional ethics training. We closed the case. (OIG-I-557)

In a prior reporting period, we initiated an investigation involving allegations that an NLRB employee engaged in bribery, wire fraud, and conspiracy. During this reporting period, the employee was indicted. (OIG-I-558)

We previously reported an investigation involving an allegation that a senior Government employee engaged in improper *ex parte* communications, engaged in conduct that was inconsistent with his duties, violated the *Standards of Conduct for Employees of the Executive Branch* by misusing Government property, and engaged in other conduct that called into question his integrity. We issued an administrative report. During this reporting period, the employee received a written reprimand. We closed the case. (OIG-I-560)

We participated in a joint investigation with another OIG regarding an allegation that an unknown individual(s) was using Federal agencies' names and employees' identities to fraudulently obtain equipment from vendors. Because of our limited participation, we closed the case while continuing to provide information to the other OIG as appropriate. (OIG-I-564)

We investigated an allegation that a party's representative in a ULP matter submitted false evidence at the hearing and attempted to persuade a witness not to testify. The appropriate U.S. Attorney's Office declined prosecution. We issued a summary report to the Division of Operations-Management for consideration of

disciplinary action under the NLRB regulations pertaining to representative's conduct, and we closed the case. (OIG-I-565)

We investigated an allegation that a senior Government employee participated in matters in which the employee had a financial interest in violation of 18 U.S.C. § 208 and the *Standards of Conduct for Employees of the Executive Branch*. Our investigative efforts substantiated the allegation. The appropriate U.S. Attorney's Office declined prosecution. We issued an administrative report. Management is considering appropriate administrative action. (OIG-I-566)

We investigated an allegation that a senior Government employee participated in a matter in which the employee had a financial interest in violation of 18 U.S.C. § 208 and the *Standards of Conduct for Employees of the Executive Branch*. Our investigative efforts substantiated the allegation. The appropriate U.S. Attorney's Office declined prosecution. We issued an administrative report. The management official determined that administrative action was not appropriate, that additional safeguards were put in place, and that the employee will be more cognizant and diligent regarding recusals. We closed the case. (OIG-I-567)

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 307 Hotline contacts, of which 137 were telephone calls or walk-ins and 170 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 their impact 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. We are aware of 53 legislative proposals, introduced during the current Congress, that would amend the National Labor Relations Act or otherwise impact the programs and operations of the Agency:

H.R. 156	Blue Collar to Green Collar Jobs Development Act of 2021;
H.R. 308	SAFE Workers Act or Secure and Fair Elections for Workers Act;
H.R. 842	Protecting the Right to Organize Act of 2021;
H.R. 1177 & S. 348	U.S. Citizenship Act;
H.R. 1275 & S. 406	National Right-to-Work Act;
H.R. 2063 & S. 882	Protecting American Jobs Act;
H.R. 2644	Green New Deals for Cities Act of 2021;
H.R. 2670 & S. 1244	The Civilian Climate Corps for Jobs and Justice Act;
H.R. 3185 & S. 1636	Save Local Business Act;
H.R. 3358	Protecting Striking Workers Act;
H.R. 3895 & S. 1929	College Athlete Right to Organize Act;
H.R. 4109 & S. 2193	Protections for Socially Good Activities Act;
H.R. 4839 & S. 2867	Tribal Labor Sovereignty Act of 2021;
H.R. 4841	Restoring Justice for Workers Act;
H.R. 5178	Truth in Employment Act of 2021;
H.R. 5376	Build Back Better Act;
H.R. 5886	Safeguarding the Supply Chain Act;
H.R. 5994 & S. 3219	BE HEARD in the Workplace Act;
H.R. 6478 & S. 3208	Supply Chain Resiliency Act;
H.R. 6557 & S. 3747	Striking Workers Healthcare Protection Act;
H.R. 6579 & S. 3585	Teamwork for Employees and Managers Act of 2022;
H.R. 6952	RAISE Act;
H.R. 7111	Employee Privacy Protection Act;
H.R. 7194 & S. 3889	Employee Rights Act;
H.R. 7396 & S. 3912	PLUS Act of 2022;
H.R. 7439 & S. 4013	Energy Security and Independence Act of 2022;
H.R. 7549	Seasonal Worker Solidarity Act of 2022;
H.R. 7743	Small Businesses before Bureaucrats Act;
H.R. 8345 & S. 4289	Locked Out Workers Healthcare Protection Act;
H.R. 8793 & S. 4803	Nationwide Right to Unionize Act;
S. 420	Protecting the Right to Organize Act of 2021;
S. 3454	Tribal Labor Sovereignty Act of 2022;
S. 3464	National Right-to-Work Act;
S. 3465	Save Local Business Act;
S. 4329	Reclaiming the Solar Supply Chain Act of 2022; and
S. 4591	Cannabis Administration and Opportunity Act.

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 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.

U.S. 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 U.S. Government Accountability Office (GAO), with a view toward avoiding duplication and ensuring effective coordination and cooperation. During this reporting period, there were no matters that required coordination with GAO.

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 remain 12 unimplemented recommendations noted in previous semiannual reports. (See also 10(C))

(4) Four matters were 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
Casehandling			
Casehandling Efficiency OIG-AMR-97-22-04	0	0	0
Mission Support			
Fiscal Year 2022 FISMA OIG-AMR-100-22-05	0	0	0
Administrative Law Judges			
Division of Judges OIG-AMR-98-22-06	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.

Audit No.	Audit Summary and Link	Issued	Management Decision	Rec #	Recommendation with any Aggregate Cost Saving Noted
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.
FY 2020					
OIG-AMR-88-20-03	Backpay Accounting	12/10/2019	12/10/2019	3	We recommend that the Finance Branch reconcile the backpay cases with recurring journal voucher entries and take appropriate action to correct the accounting errors.
OIG-AMR-88-20-03	Backpay Accounting	12/10/2019	12/10/2019	5	We recommend that the Finance Branch reconstruct the three backpay files with appropriate documentation of the receipt and disbursements of backpay funds and then reconcile the cases.
OIG-AMR-91-20-04	Budget Execution	9/16/2020	9/16/2020	2	Establish and implement an IPT internal control process for capital projects that meets the criteria established by OMB Circular A-11.
FY 2021					
OIG-AMR-95-21-03	DATA Act	8/30/3021	8/30/3021	1	Develop and implement internal controls to ensure that: a. Procurement data in the financial system is recorded in an accurate and timely manner; b. Procurement actions are reported into FPDS-NG within the time requirement set out in the FAR; and c. There is a documented process of procurement data quality control that enables the SAO to reasonably provide assurances of validity, reliability, and completeness of the DATA Act submission. The process should include adequate segregation of duties and address the errors in the crosswarning report.

Audit No.	Audit Summary and Link	Issued	Management Decision	Rec #	Recommendation with any Aggregate Cost Saving Noted
OIG-AMR-95-21-03	DATA Act	8/30/3021	8/30/3021	2	Resolve the discrepancies in the Program Activity Codes between the financial system, OMB's MAX Collect Repository, and the President's Budget Program and Financing Schedule.
FY 2022					
OIG-AMR-94-22-02	NxGen Data Accuracy	11/16/2021	11/16/2021	1	Develop and implement a quality review process at the local Regional Office level that includes review of the data at key points during the case life cycle.
OIG-AMR-94-22-02	NxGen Data Accuracy	11/16/2021	11/16/2021	3	Develop and implement a standard methodology for documenting data in the NxGen case file.
OIG-AMR-94-22-02	NxGen Data Accuracy	11/16/2021	11/16/2021	4	Develop and implement a training program that focuses on NxGen data quality controls and processes. This program should include new employee NxGen orientation, periodic refresher training, and supervisory data quality review.

(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, National Credit Union Administration. The peer review report was issued on November 17, 2020. 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 OIG, National Endowment for the Arts. The report was issued on September 12, 2022, and stated that rating was *pass with deficiencies*.

(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
3	4	0	1

(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) There were five investigations conducted that involved a senior Government employee (GS 15 or above) where an allegation of misconduct was substantiated. We also assisted the National Mediation Board (NMB) in the investigation of a senior Government employee. 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.

Facts and Circumstances of the Investigation. OIG-I-557	We investigated allegations that a senior Government employee failed to follow Agency regulations and procedures and then lacked candor regarding the matter.
Status and Disposition of the Matter	We issued an administrative report, dated November 4, 2020, substantiating the allegations. On September 7, 2021, we issued a supplemental report. During this reporting period, Agency officials provided additional ethics training to the employee. We closed the case.

Facts and Circumstances of the Investigation. OIG-I-560	We investigated allegations that a senior Government employee engaged in improper <i>ex parte</i> communications, engaged in conduct that was inconsistent with his duties, violated the <i>Standards of Conduct for Employees of the Executive Branch</i> by misusing Government property, and engaged in other conduct that called into question his integrity.
Status and Disposition of the Matter	We issued an administrative report, dated September 15, 2021, substantiating the allegations. During this reporting period, the employee received a written reprimand. We closed the case.

Facts and Circumstances of the Investigation. OIG-I-566	We investigated an allegation that a senior Government employee participated in matters in which the employee had a financial interest in violation of 18 U.S.C. § 208 and the <i>Standards of Conduct for Employees of the Executive Branch</i> .
Status and Disposition of the Matter	On July 27, 2022, the matter was referred to the Department of Justice. On July 28, 2022, prosecution was declined. We issued an administrative report, dated September 16 2022, substantiating the allegation. Management officials are considering appropriate administrative action.

Facts and Circumstances of the Investigation. OIG-I-567	We investigated an allegation that a senior Government employee participated in a matter in which the employee had a financial interest in violation of 18 U.S.C. § 208 and the <i>Standards of Conduct for Employees of the Executive Branch</i> .
Status and Disposition of the Matter	On May 27, 2022, the matter was referred to the Department of Justice. At that time, prosecution was declined. We issued an administrative report, dated June 30, 2022, substantiating the allegation. The management official determined that administrative action was not appropriate, that additional safeguards were put in place, and that the employee will be more cognizant and diligent regarding recusals.

Facts and Circumstances of the Investigation. 19-SEC-0022-1	We provide limited OIG services to the NMB. For the NMB, we coordinated with the SEC OIG for an investigation of an NMB senior Government employee. The allegations were that the senior Government employee engaged in improper conduct by submitting false time and attendance documents, resulting in pay and compensatory time for periods that the employee was engaged in outside employment and the over-accrual of restored leave.
Status and Disposition of the Matter	The matter was referred to the Department of Justice. Prosecution was declined. The SEC OIG issued an administrative report, dated July 12, 2021, substantiating the allegations. During this reporting period, the NMB removed the senior Government employee.

(20) There were no instances of whistleblower retaliation that were reported to the OIG during the reporting period.

(21) There were no attempts by the establishment to interfere with the independence of the OIG 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) All investigations that were closed during the reporting period are reported in the Investigation section of this report.

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APPENDIX – NLRB OIG Peer Review Report



Office of Inspector General

System Review Report

November 17, 2020

To David Berry, Inspector General
National Labor Relations Board

We have reviewed the system of quality control for the National Labor Relations Board (NLRB) Office of Inspector General (OIG) in effect for the year ended September 30, 2020. A system of quality control encompasses NLRB OIG's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of conforming in all material respects with *Government Auditing Standards* and applicable legal and regulatory requirements. The elements of quality control are described in *Government Auditing Standards*. NLRB OIG is responsible for establishing and maintaining a system of quality control designed to provide NLRB OIG with reasonable assurance that the organization and its personnel comply in all material respects with professional standards and applicable legal and regulatory requirements. Our responsibility is to express an opinion on the design of the system of quality control and NLRB OIG's compliance based on our review.

In our opinion, the system of quality control for the audit organization of NLRB OIG in effect for the year ended September 30, 2020, has been suitably designed and complied with to provide NLRB OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards and applicable legal and regulatory requirements 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*.

Our review was conducted in accordance with *Government Auditing Standards* and the CIGIE *Guide for Conducting Peer Reviews of Audit Organizations of Federal Offices of Inspector General*. During our review, we 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 GAGAS engagements and administrative files to test for conformity with professional standards and compliance with NLRB OIG's system of quality control. The GAGAS engagements selected represented a reasonable cross-section of the NLRB OIG audit organization, with an emphasis on higher-risk engagements. 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 GAGAS

November 17, 2020

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engagements. 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; therefore, noncompliance with the system of quality control may occur and may 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 engagements we reviewed.

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 Council of the Inspectors General on Integrity and Efficiency (CIGIE) related to NLRB OIG's monitoring of engagements conducted in accordance with generally accepted government auditing standards (GAGAS engagements) by Independent Public Accountants (IPAs) under contract where the IPA served as the auditor. It should be noted that monitoring of GAGAS engagements 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; accordingly, we do not express an opinion on NLRB OIG's monitoring of work performed by IPAs.

Enclosure 2 to this report is NLRB OIG's response to our review.

/s/

James Hagen, 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 3 of 14 engagements reports issued from October 1, 2017 through September 30, 2020. We also reviewed the internal quality control reviews performed by NLRB OIG.

In addition, we reviewed NLRB OIG's monitoring of GAGAS engagements performed by IPAs where the IPA served as the auditor from October 1, 2017, through September 30, 2020. During the period, NLRB OIG contracted for five audits that were to be performed in accordance with *Government Auditing Standards*.

Reviewed Audit Engagements Performed by the NLRB OIG:

<u>Report No.</u>	<u>Report Date</u>	<u>Report Title</u>
OIG-AMR-88-20-03	12/10/2019	Backpay Accounting
OIG-AMR-91-20-04	09/16/2020	Fiscal Year 2019 Budget Execution

Reviewed Monitoring Files of the NLRB OIG for Contracted Engagements:

<u>Report No.</u>	<u>Report Date</u>	<u>Report Title</u>
OIG-F-24-20-01	11/15/2019	Fiscal Year 2019 Financial Statements



United States Government
NATIONAL LABOR RELATIONS BOARD
OFFICE OF INSPECTOR GENERAL
Washington, DC 20570-0001

November 16, 2020

James W. Hagen
Inspector General
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

Dear Mr. Hagen:

Thank you for the opportunity to comment on the Draft System Review Report, dated November 16, 2020, on the National Labor Relations Board's Office of Inspector General's audit organization for the period ended September 30, 2020. We are pleased that your independent review of our audit organization resulted in a rating of *pass* and concluded that our system of quality control was suitably designed and complied with to provide reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects.

We appreciate the efforts of your office in conducting this review.

Sincerely,

A handwritten signature in black ink, appearing to read "David Berry".

David Berry
Inspector General

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