



United States Government
National Labor Relations Board
Office of Inspector General

Semiannual Report
April 1, 2020 – September 30, 2020

EXECUTIVE SUMMARY

I hereby submit this Semiannual Report for the period April 1, 2020 – September 30, 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 one audit report and completed the Improper Payment Information Act report to Congress and the Office of Management and Budget. In the investigation program, the Office of Inspector General processed 104 Hotline contacts, closed 2 cases and initiated one investigation. Our investigative efforts resulted in the suspension of two employees.

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 'D. Berry'.

David Berry
Inspector General
October 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. Marvin Kaplan, William Emanuel, and Lauren McFerran served as Members. Member McFerran began her term on August 10, 2020. 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, and three auditors. 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 one audit report and completed the Improper Payment Information Act report to Congress and the Office of Management and Budget (OMB).

We issued OIG-AMR-91-20-04, **Fiscal Year 2019 Budget Execution**, on September 16, 2020. At the end of FY 2019, the Agency had a \$5.7 million lapse in funding.

The objectives of this audit were to determine: the cause of the lapse of \$5.7 million from the FY 2019 appropriation; whether the Agency's internal controls over the process for determining necessary expenses are effective; and whether the Agency's internal controls over budget execution are effective.

We determined that the lapse in FY 2019 appropriated funds at the end of the fiscal year was directly attributable to an overestimation of payroll expenses in the FY 2019 Spend Plan and the lack of an effective means to track and report on the availability of funds. As a result, the Agency was not able to adequately plan for the expenditure of approximately \$17,000,000 in appropriated funds, resulting in a lapse of \$5,699,240.12 at fiscal year-end. We also determined that in FY 2019, the Office of the Chief Financial Officer (OCFO) utilized an undocumented and ineffective budget process. As such, the Agency did not maintain an effective internal control system to ensure the Agency's appropriation was allocated to meet the necessary expenses. We made six recommendations for corrective action.

In the Management Comments, the Chief Financial Officer (CFO) agreed with the findings in part and disagreed in part. Specifically, the CFO asserted that the proximate cause of the \$5.7 million lapse in funding was attributable to one contract that had an original estimated award amount of \$2.5 million, was awarded for \$758,000, and was then canceled. The CFO also stated concurrence with five of the six recommendations. For the remaining recommendation, the CFO stated that the OCFO has processes in place but will take steps to ensure that existing procedures or new procedures are implemented in accordance with the Government Accountability Office's (GAO) guidance.

On May 7, 2020, we complied with the provisions of the **Improper Payments Information Act**, as amended by the Improper Payments Elimination and Recovery Act, 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.

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 104 contacts, closed 2 cases, and initiated one investigation. Our investigative efforts resulted in the suspension of two employees.

Case Workload		Contacts Processed	
Open (4/1/2020)	3	Received	104
Initiated	1	Initiated Investigation	1
Closed	2	Opened Case -- Referred to Agency	0
Open (9/30/2020)	2	Non-Investigative Disposition	103

Investigative Highlights for Reports Issued, Cases Closed, and Referrals

We previously reported on an investigation involving an allegation that an employee improperly released an internal deliberative document. We determined that the employee's conduct violated the *Standards of Ethical Conduct for Employees of the Executive Branch* and issued a report. During this reporting period, the employee received a 13-day suspension. We closed the case. (OIG-I-549)

We previously reported on an investigation involving 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. During this reporting period, the employee received a 7-day suspension. We closed the case. (OIG-I-540)

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 104 Hotline contacts, of which 36 were telephone calls or walk-ins and 68 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, 32 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;
H.R. 6812 & S. 3849	Emergency Limitation Periods Extensions for Workers Act;
H.R. 7270	Count the Crimes to Cut Act of 2020;
H.R. 7485	SAFE Workers 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 GAO, with a view toward avoiding duplication and ensuring effective coordination and cooperation. During this reporting period, GAO initiated an audit with the following objectives:

- How has NLRB obligated its annual appropriations since FY 2010, and what are the level of and reasons for any unobligated funds?
- How have NLRB staff numbers changed since FY 2010, and what factors have contributed to these changes?
- How well has NLRB met performance goals since FY 2015, and what are internal and external stakeholder perspectives on factors that have affected NLRB's ability to meet those goals?

As appropriate, we coordinated with GAO auditors regarding our audit OIG-AMR-91-20-04, Fiscal Year 2019 Budget Execution.

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 35 corrective actions described or otherwise noted in previous semiannual reports that have not been implemented. (See also 10(C) below)

(4) No 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
Mission Support			
Fiscal Year 2019 Budget Execution OIG-AMR-91-20-04	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	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.
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 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.
FY 2018					
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.
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 (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.
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.
FY 2020					
OIG-F-24-20-01	Audit of NLRB Fiscal Year 2019 Financial Statements	11/15/2019	11/15/2019	1	Develop an accounts payable accrual worksheet for open contracts that is updated by the CORs to track period of performance, contract type, services / goods received, invoices received and paid, and accrual methodology used that is submitted, along with adequate supporting documentation, to Finance for discussion as part of the accrual review process.
OIG-F-24-20-01 (ML)	Audit of NLRB Fiscal Year 2019 Financial Statements - Management Letter	11/15/2019	11/15/2019	1	Ensure approved reconciliation statements including request forms, invoices and receipts are maintained on file.
OIG-F-24-20-01 (ML)	Audit of NLRB Fiscal Year 2019 Financial Statements - Management Letter	11/15/2019	11/15/2019	2	Refine and strengthen policies, procedures, and processes to ensure that reconciling differences identified are corrected in a timely manner.
OIG-F-24-20-01 (ML)	Audit of NLRB Fiscal Year 2019 Financial Statements - Management Letter	11/15/2019	11/15/2019	3	Refine and strengthen policies, procedures, and processes over the timely removal of separated and transferred users' access. Industry best practices are to remove separated users within

					five (5) business days and updated transferred users within five (5) business days.
OIG-F-24-20-01 (ML)	Audit of NLRB Fiscal Year 2019 Financial Statements - Management Letter	11/15/2019	11/15/2019	4	Ensure that the timely removal of separated and transferred users' access is documented.
OIG-AMR-88-20-03	Backpay Accounting	12/10/2019	12/10/2019	1	We recommend that the OCFO develop procedures to implement the requirements of handling unclaimed money.
OIG-AMR-88-20-03	Backpay Accounting	12/10/2019	12/10/2019	2	We recommend that the OCFO review all the backpay cases with funds in the deposit account and disburse any funds that are being held as either being unclaimed or a fine should be remitted to the U.S. Treasury as appropriate.
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-88-20-03	Backpay Accounting	12/10/2019	12/10/2019	6	We recommend that the Finance Branch officials consult with the Internal Revenue Service and then develop and implement internal controls to address the tax payments and refunds.
OIG-AMR-88-20-03	Backpay Accounting	12/10/2019	12/10/2019	7	We recommend that the Finance Branch provide training to its accountants and approving officials on the requirements of its journal voucher documentation requirements and process.

(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 did not conduct any peer reviews during the reporting period.

(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
0	0	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. OIG-I-540	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.
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. During this reporting period, management imposed a 7-day suspension.
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.

**Report
Fraud, Waste, and Abuse**

(202) 273-1960

(800) 736-2983

OIGHOTLINE@nrlb.gov

Office of Inspector General
National Labor Relations Board
1015 Half Street, SE
Washington, DC 20570