

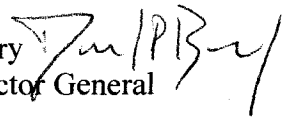


UNITED STATES GOVERNMENT
National Labor Relations Board
Office of Inspector General

Memorandum

May 6, 2008

To: Gloria Joseph
Director of Administration

From: David P. Berry 
Acting Inspector General

Subject: Inspection Report No. OIG-INS-54-08-02: NLRB Credit Union

We initiated this inspection in February 2008 to evaluate the appropriateness of support provided to the National Labor Relations Board Federal Credit Union (Credit Union) by the National Labor Relations Board (NLRB or Agency).

The NLRB has been supporting the Credit Union since it was chartered in 1938. In calendar year 2007, we estimated that the Agency provided \$88,778 in support of the Credit Union. We found that when providing support to the Credit Union, the Agency has not requested and the Credit Union has not provided documentation to demonstrate that the Credit Union meets the statutory requirement for receiving support from the Agency. We also found time and attendance for Agency employees who use official time for Credit Union activities was not always accurately recorded and that administrative leave was not provided to employees in a uniform manner.

SCOPE

We reviewed laws and regulations to determine the requirements permitting agencies to provide support to Federal credit unions. We reviewed guidance regarding internal controls including the Government Accountability Office's (GAO) Maintaining Effective Control over Employee Time and Attendance Reporting, dated January 2003. We also reviewed the Administrative Policies and Procedures Manual (APPM), Chapter PER-10, Leave and Attendance, dated December 21, 1998.

We interviewed and obtained documentation from members of the Division of Administration, Office of the Chief Information Officer, NLRB contractors, and the Credit Union to identify the costs for services provided to the Credit Union in calendar year 2007. We also interviewed the Credit Union manager to determine how Federal employee or family member status is verified, documented, and tracked.

We interviewed members of the Human Resources Branch to determine policies and procedures regarding time and attendance for Credit Union activities. We interviewed the 10 employees who serve on the Credit Union's Board of Directors, Credit Committee, and Supervisory Committee, and their respective timekeepers, to determine how time spent on Credit Union activities is approved and documented. We compared time and attendance records for employees who serve on the Credit Union's Board of Directors and Supervisory Committee to documentation to determine whether time spent on Credit Union activities was recorded in the Federal Payroll/Personnel System (FPPS).

We conducted this review from February to April 2008. This review was done in accordance with the Quality Standards for Inspections issued by the President's Council on Integrity and Efficiency.

BACKGROUND

In 1934, President Roosevelt signed the Federal Credit Union Act into law authorizing the formation of Federally chartered credit unions in all states. The purpose of the Federal Credit Union Act was to make credit available and promote thrift through a national system of nonprofit, cooperative credit unions. A credit union is a member-owned, not-for-profit, cooperative financial institution. Federal credit unions are chartered by the National Credit Union Administration and member accounts are insured by the National Credit Union Share Insurance Fund. There are 5,036 Federal credit unions that hold \$418 billion in assets.

The Federal Credit Union Act states that an agency may allot space to a credit union without charge for rent or services if at least 95 percent of the membership of the credit union to be served by the allotment of space is composed of persons who either are presently Federal employees or were Federal employees at the time of admission into the credit union and members of their families. Federal agencies may provide without charge to a Federal credit union services such as lighting, heating, cooling, electricity, office machines and equipment, telephone service, and security systems.

The Credit Union, located in the Franklin Court Building in Washington, DC, was chartered in 1938. As of November 2007, the Credit Union had 3,415 members with over \$14 million in assets. Membership is open to several different groups, including NLRB employees and other individuals who have no association with the Federal government. Some of the services available to members include checking and savings accounts, holiday club accounts, and a variety of loans.

RESULTS

Rent and Services

We estimated that the Agency spent \$88,778 for rent and other services in support of the Credit Union in calendar year 2007. The costs incurred during calendar year 2007 are shown in the table below.

Support	Estimated Cost
Rent	\$84,318
Telephone Service Charges	\$3,138
Office Supplies	\$951
NLRB Contractor Staff Credentials	\$205
Long Distance Charges	\$112
Copy Requests	\$36
Information Technology Security Training	\$18
TOTAL	\$88,778

The Agency also provided older computer equipment that was no longer being used by Agency employees, help desk support for Agency-owned equipment, e-mail accounts, Internet service, network access for file storage and retrieval, and the distribution of Credit Union member statements to NLRB employees. Although the NLRB did not incur additional costs for this support, it did result in savings to the Credit Union's operations.

Support

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An appropriation can be applied only to objects for which the appropriation was made or are otherwise provided by law. Although the Credit Union membership is not limited to individuals with Federal employee status or association, the Agency has not requested and the Credit Union has not provided documentation to demonstrate that the Credit Union meets the statutory requirement for receiving support from the Agency. Under these circumstances, the Agency cannot determine whether its appropriation can be applied to the expenses associated with providing support to the Credit Union.

Time and Attendance

Time Recorded

GAO guidance states that controls over time and attendance information should provide reasonable assurance that such information reflects actual work performed and leave taken or other absences during authorized work hours and periods. The Agency implemented controls over time and attendance through APPM Chapter PER-10, Leave and Attendance. We were unable to find any specific guidance that was issued to timekeepers or supervisors on the use of official time for Credit Union activities.

The employees who volunteer for Credit Union activities and their supervisors are not using the Agency's controls for recording of time and attendance. We estimated that the six employees who served on the Credit Union's Board of Directors and Supervisory Committee utilized over 48 hours of official time in calendar year 2007 for Credit Union meetings that was not properly recorded in FPPS. This occurred because the employees who served on the Board or a committee used official time without being required to request annual leave or being granted administrative leave. Although employees stated that they used the lunch period for the meetings, many of the meetings exceeded the lunch period by an hour or more, and as such should have been recorded as a period of either annual leave, administrative leave, or leave without pay.

Leave Administration

APPM Chapter PER-10, Leave and Attendance, provides that leave shall be administered on a uniform and equitable basis within the scope of applicable laws and regulations. Leave related to Credit Union training was not administered on a uniform and equitable basis. Three NLRB employees who served on the Credit Union's Board of Directors or Supervisory Committee attended Credit Union related training in 2007. Two employees utilized 24 and 40 hours, respectively, of administrative leave to attend training, while another employee utilized 40 hours of annual leave.

Credentials

Ten NLRB identification cards that purport to be contractual staff credentials were issued to Credit Union employees and volunteers. According to the Security Branch Chief, Credit Union employees and volunteers were issued credentials because they occasionally conduct business in NLRB space. Providing Credit Union employees and volunteers with credentials compromises security because they are equivalent to a Federal identification that could potentially provide access to other Federal buildings. Other non-Federal entities located in the Franklin Court Building have been issued building passes, not Federal credentials, that allow access to the upper floors of the Headquarters building.

SUGGESTIONS

We suggest that the Director of Administration:

1. Formalize the Agency's relationship with the Credit Union through some form of an agreement that requires the Credit Union to document its membership qualifications and addresses the support to be provided by the Agency. Such an agreement should provide the Agency with the flexibility to not provide support.
2. Before providing additional support to the Credit Union, ensure that the Credit Union meets the minimum membership requirements under the Federal Credit Union Act.
3. Issue guidance to NLRB supervisors, timekeepers, and employees who are Credit Union volunteers regarding the use of official time for Credit Union activities.
4. Replace NLRB credentials issued to Credit Union employees and volunteers with building passes.