UNITED STATES GOVERNMENT
National Labor Relations Board
Office of Inspector General

Health Services

Report No. OIG-AMR-56-07-04

September 2007

INSPECTOR GENERAL

NATIONAL LABOR RELATIONS BOARD

WASHINGTON, DC 20570

September 19, 2007

I hereby submit an audit on *Health Services*, Report No. OIG-AMR-56-07-04. This audit was conducted to review the Agency's Health Unit program to determine whether services are procured in a cost-efficient manner and to evaluate the level of service provided.

We identified more than $40,000 that the Agency could put to better use in the health services program. Health services paid for by the Agency went unused by some offices and the utilization rate was so low in other offices that procuring these services is not cost-effective. We estimate that the Agency could put $33,885 to better use by eliminating health services at underutilized facilities. Another $6,354 could be put to better use by deobligating funds from the Fiscal Year (FY) 2007 health services contract that will not be expensed to provide health services. Also, funds could be saved by having other agencies that use the health services at Headquarters share space rent costs.

The Agency incrementally recorded the health services agreement with Federal Occupancy Health Services for both FY 2006 and FY 2007. In both instances, the amount was not properly recorded for at least 6 months.

An exit conference was held on July 19, 2007, with representatives of the Human Resources Branch. A draft report was sent to the Human Resources Director on July 20, 2007. The Director agreed with the findings and all but one of the recommendations. The disagreement, relating to pursuing options to share space rent costs with the other agencies using the Headquarters health unit, is addressed in the report. The Director's response is included as an appendix to this report.

Jane E. Altenhofen
Inspector General

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BACKGROUND

The National Labor Relations Board (NLRB or Agency) administers the principal labor relations law of the United States, the National Labor Relations Act (NLRA) of 1935, as amended. The NLRA is generally applied to all enterprises engaged in interstate commerce, including the United States Postal Service, but excluding other governmental entities as well as the railroad and the airline industries. As of February 1, 2007, the NLRB had approximately 1,765 full-time equivalents that are located at Headquarters, 51 field offices throughout the country, and 3 satellite offices for administrative law judges.

Section 7901 of title 5 of the U.S. Code states that the head of each agency may establish, within the limits of its available appropriations, a health service program to promote and maintain the physical and mental fitness of employees under its jurisdiction. A health service program may only be established in localities with a number of employees sufficient to warrant providing the service. Employees who work in groups of 300 or more, counting employees of all departments or agencies who are scheduled to be on duty at one time in the same building or group of buildings in the same locality, will constitute the minimum number of employees required to warrant the establishment of a health service program.

Services provided by health units may include first aid, disease screening examinations, administration of treatments and medicine, and preventative services such as immunizations. In Fiscal Year (FY) 2006, more than half of the visits occurred during the first four months of the year, when flu shots are provided. Flu shots likely comprise a significant portion of visits.

Agencies are charged the reimbursable costs for providing the services, which are based on an operating budget of all costs required to operate the health service. The reimbursement cost is prorated to participating agencies by means of a per capita formula computed by dividing the operating budget of the health service by the total number of employees sponsored for service. The size of the Federal population served, the compensation of the employees of the health unit, and other factors of medical economics prevalent in the area are factors that affect the local reimbursement cost.

The NLRB entered into an interagency agreement with the Department of Health and Human Services' Federal Occupancy Health Services (FOH) for the provision of health services at its Headquarters in Washington, D.C., and 48 locations throughout the nation. The Agency spent $197,330 during FY 2006 and obligated $237,092 for FY 2007 for these services. The significant increase in costs was mainly due to a 48 percent increase in cost at Headquarters due to FOH's recalculating the unit cost at a level below the 1,000 employee threshold for supplying a full-time nurse. A previously lower threshold of 750 employees was met the last time the unit cost was calculated.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of this audit were to review the Agency's health unit program to determine whether services are procured in a cost-efficient manner and to evaluate the level of service provided. Our scope included health services provided during FY 2006 and FY 2007 (through March 31, 2007).

We reviewed laws and regulations related to the provision of health services to Federal agencies and the obligation of funds by an agency, including the Economy Act (31 USC § 1535). We reviewed guidance from the Office of Personnel Management, General Services Administration (GSA), and FOH relevant to health services and guidance from the Office of Management and Budget related to the obligation of Agency funds.

We interviewed staff in the Human Resources Branch (HRB) to learn about how health services are procured, how they are monitored, and how the Agency is billed. We interviewed staff in the Procurement and Facilities Branch (PFB) to determine how space rental costs for the health units are managed. We interviewed staff at FOH to gain an understanding of how the per capita costs for health units are calculated. We surveyed employees and management in selected Regional Offices to gather information about the quality of health services provided. We contacted staff at the agencies utilizing the health unit at NLRB Headquarters to verify that the agencies were being charged the same per capita charge as the NLRB.

We obtained the FOH status reports for the NLRB and evaluated them to verify that the Agency was being properly billed and to determine the trends in utilization. We calculated the cost per health unit visit for each office and for the Agency as a whole to determine whether health units were underutilized. We compared the number of employees for which the Agency was being billed by FOH with an employee listing from HRB. We calculated the distances from the field office to the FOH health unit to determine whether the distance affected utilization. We obtained reports from the Agency's financial system and reviewed them to determine whether the Agency was properly recording the obligated funds.

This audit was performed in accordance with generally accepted government auditing standards during the period of April through September 2007. We conducted this audit at NLRB Headquarters in Washington, D.C.

FINDINGS

We identified more than $40,000 that the Agency could put to better use in the health services program. Health services paid for by the Agency went unused by some offices and the utilization rate was so low in other offices that procuring these services is not cost-effective. We estimate that the Agency could put $33,885 to better use by eliminating health services at underutilized facilities. Another $6,354 could be put to better use by deobligating funds from the FY 2007 health services contract that will not be expensed to provide health services. Also, funds could be saved by having other agencies that use the health services at Headquarters share space rent costs.

The Agency incrementally recorded the health services agreement with FOH for both FY 2006 and FY 2007. In both instances, the amount was not properly recorded for at least 6 months.

UTILIZATION

The Agency is generally charged a standard rate per employee for health services provided. This rate was $104.25 for FY 2006 and $113.50 for FY 2007. When the population served by a health unit fell below 1,000 employees, the rate varied depending on the size of the population.

Underutilized Offices

We considered field offices with either a per visit cost greater than $250 or no utilization in both FY 2006 and FY 2007 through March 31 to be underutilized. Attachment A contains the 12 field offices that met this criteria.

For FY 2006, the 12 underutilized health units cost the Agency $33,020. Six of the 12 field offices had no utilization of the health unit, costing the Agency $16,092. The distance from the health unit for these 6 offices ranged from 0.14 to 0.75 miles. The other 6 offices had 49 visits and cost the Agency $16,928, an average of $345 per visit. One of these offices was collocated with the health unit. The other health units were between 0.45 and 11.21 miles from the field office.

For the first 6 months of FY 2007, the underutilized health units cost the Agency $17,437. Seven of the 12 locations did not have any utilization, costing the Agency $4,103. One of these offices was collocated with the health unit and the remaining field offices ranged in distance from 0.19 to 2.4 miles from the health unit. The other 5 field offices cost $13,334 for 34 visits, an average of $392 per visit. These five health units were located between 0.14 and 11.21 miles from the field office.

Staff at FOH noted that if a location was underutilized, FOH could analyze the utilization pattern and see if they could help the Agency use the service in a more cost-effective manner. One option was to allow an agency to use the services on a "fee-for-service" basis. FOH noted that a "fee-for-service" plan would only be available for offices that were not collocated in the same building as the health unit. This would allow the Agency to pay for services that are used, such as flu shots. For 2007, the Agency will expend approximately $95,203 for health services for 778 employees in locations where the field office is not collocated with the health unit. If the Agency went to a "fee-for-service" plan for these field offices, this would allow each employee in these offices to visit the health unit to obtain a flu shot at the $25 per shot fee and still have $75,753 remaining. Under a "fee-for service" plan, FOH charges $59 per visit to the health unit to be evaluated by a nurse. With the remaining $75,753, the Agency would be able to purchase approximately 1,284 visits.

Locations with No Service

Six NLRB field offices did not have health services available to them. Each of these offices is in a location where FOH does not have an existing health unit. For these offices, the distance to the nearest FOH location ranges from 88 to 167 miles. The Jacksonville Resident Office did not have service provided during FY 2006, but it is currently served by an FOH health unit. FOH discontinued service in Region 30 in December 2006.

Distance from Field Offices

Regional Office staff surveyed noted that distance was an impediment to using the health units. The Agency is located within the same building as the FOH health unit at Headquarters and in 16 field offices. The remaining 32 health units vary in distance from the field office, with the farthest distance being over 14 miles. The cost per visit increased significantly when the health unit was not collocated with the field office. This is shown on the following table.

Cost per Health Unit Visit
By Location of Health Unit

FY 2006			
	Visits	Cost	Cost per Visit
Collocated	2,348	$108,375.29	$46.16
Not collocated	454	$89,157.67	$196.38
FY 2007 (through March 31)			
Collocated	1,393	$68,145.51	$48.92
Not collocated	277	$48,011.60	$173.33

Dissemination of Information

Staff surveyed in the Regional Offices with higher utilization noted that information about services provided was regularly communicated. Staff in Region 31 stated that the nurse serving their office did a good job of outreach and providing services at the Regional Office. As a result, Region 31 had a low cost per visit despite being nearly 2 miles away from the health unit. Staff in Region 2, which also had a high utilization rate, noted that the health unit was good at communicating the different services through e-mails and through posting notices.

Staff surveyed in Regional Offices with low utilization noted that getting information about health services was difficult. Staff in Region 10 and Region 13 stated that communication from the health unit was infrequent and that they had to call to the health unit to learn when flu shots would be provided. Staff in the Regional Offices also noted that while they are generally aware that the FOH health units are available to Agency employees, they do not know what services are provided to Agency employees.

OBLIGATIONS

Incremental Recording

The Economy Act states that an order placed or agreement made under it obligates an appropriation of the ordering agency. Section 1501 of title 31 of the U.S. Code states that an amount shall be recorded as an obligation only when supported by documentary evidence of a binding agreement with another person, including an agency, that is in writing and executed before the end of the period of availability. This requirement contemplates that each agency will record its obligations properly. Section 3512 of title 31 of the U.S. Code requires agencies to establish systems of internal accounting and administrative controls to provide agency management with reasonable assurance that the agency obligations are in compliance with applicable law and properly accounted for and recorded.

The Agency signed interagency agreements with FOH under the Economy Act for FY 2006 health services, totaling $197,533. The obligations, however, were not properly recorded. On March 1, 2006, 5 months after the service period began, $65,000 of the obligation was recorded. The remainder of the obligation was recorded on March 6, 2006, for $33,767 and on April 21, 2006, for $98,766. This resulted in the obligation for FY 2006 health services not being properly recorded for more than 6 months.

The Agency signed the interagency agreement for FY 2007 health services, with a ceiling of $237,092. This obligation was also not properly recorded. On February 20, 2007, $59,273 of the obligation was recorded. The remainder of the obligation was recorded on March 13, 2007, for $19,628; March 21, 2007, for $59,723; and June 13, 2007, for $98,468. This resulted in the obligation for FY 2007 health services not being properly recorded for more than 8 months.

Adjustments to the FY 2007 Obligation

The authority to incur and record new obligations from the appropriation expires when the fiscal year ends. Expired appropriations are not available for new obligations.

The Agency could put approximately $6,354 to better use by deobligating funds that will not be expensed to provide health services. Although the obligation for FY 2007 was $237,092, we calculated that the Agency will only spend $230,738. This potential savings is largely due to three factors. First, the rate used to estimate services for Region 3 was $187.11, but the Agency is only being charged at a rate of $113.50 per employee. Second, Region 30 is no longer receiving services because the FOH shut down the servicing health unit in December 2006. Third, the health unit providing service to Region 32 changed from a unit with a rate of $158.61 to one with a rate of $113.50. Other small differences also existed.

SPACE RENT

Federal Property Management Regulations provide that an agency is to be charged rent on a pro rata basis for its share of joint-use space. Joint-use space is defined as space that is available for common use by personnel of more than one GSA tenant agency. Health unit space is an example of joint-use space.

The FOH health unit at the Headquarters building is located within the Agency's office space. Five other Federal agencies that occupy space on parts of four floors utilize the Headquarters health unit. GSA, however, charges the NLRB for the full amount of the health unit space, which is 1,556 rentable square feet. For FY 2007, the cost of this space is $73,474.

A GSA realty specialist stated that shared space should be charged as joint-use space whether the space is in Federally-owned or Federally-leased space. The NLRB is charged by GSA for health unit space as a joint-use cost when it utilizes FOH health units located in Federal buildings. Accordingly, the other Federal agencies should be charged at Headquarters.

By pursuing options to share the space rental costs with the other participating agencies, the NLRB could put those funds to better use. The Agency's savings would depend on the amount that GSA would charge other agencies based upon NLRB's request.

Management's Comments and OIG Response

Management did not agree with the recommendation to pursue options to share space rent costs for the Headquarters health unit with the other participating agencies. Management stated that the Agency does not have delegated authority from GSA to charge rent cost from other participating agencies.

A GSA realty specialist stated that the preferred method for collecting fees for shared space is through the occupancy agreements with GSA. GSA stated that the Agency could pursue whether the space was joint-use space by contacting GSA. The Agency could also benefit from a comprehensive analysis of all possible joint-use space at Headquarters, such as the fitness center and the credit union. If GSA determines that the space is in fact joint-use space, the rental bills will be adjusted accordingly. GSA added that now would be a good time to pursue the issue because the Agency's lease will expire during FY 2008.

RECOMMENDATIONS

We recommend that the Human Resources Director:

1. Review the provision of health services in underutilized field offices to determine whether continued participation in the FOH program is cost-effective or whether services can be obtained in another manner.

2. Ensure that the field offices are aware of the services provided by the FOH Health Units.

3. Coordinate with PFB so that the obligation for health services is recorded when the interagency agreement is signed.

4. Notify PFB to deobligate the $6,354 of the health services obligations that will lapse on September 30, 2007.

5. Instruct PFB to pursue options to share space rent costs for the Headquarters health unit with the other participating agencies.

ATTACHMENT A

Underutilized Offices

	FY 2006			FY 2007 (through March)			
Region	Health Unit Visits	Cost	Cost Per Visit	Health Unit Visits	Cost	Cost Per Visit	Distance from Field Office (Miles)
Las Vegas RO	3	$1,146.75	$382.25	0	$622.55	NA	0.00
Little Rock RO	0	$417.00	NA	0	$226.38	NA	0.19
New York Judges	4	$1,042.50	$260.63	0	$565.95	NA	2.40
Region 10	0	$3,023.25	NA	0	$1,641.24	NA	0.75
Region 13	0	$6,255.00	NA	7	$3,395.66	$485.09	0.18
Region 18	0	$3,894.24	NA	6	$2,097.00	$349.50	0.14
Region 24	0	$2,189.25	NA	1	$1,655.92	$1,655.92	1.27
Region 29	18	$7,290.92	$405.05	10	$2,942.89	$294.29	0.92
Region 32	22	$5,826.92	$264.86	10	$3,242.59	$324.26	11.21
San Antonio RO	1	$683.00	$683.00	0	$367.21	NA	1.02
San Diego RO	0	$312.75	NA	0	$169.78	NA	0.63
Subregion 36	1	$938.25	$938.25	0	$509.35	NA	0.45
Total	49	$33,019.83	$673.87	34	$17,436.52	$512.84	

APPENDIX

UNITED STATES GOVERNMENT
National Labor Relations Board
Division of Administration

Memorandum

To: Jane E. Altenhofen
Inspector General

From: Brenda L. Despanza
Director of Human Resources

Date: August 20, 2007

Subject: Comments on Draft Audit Report – "Audit of Health Services"

This is in response to your memorandum dated July 20, 2007, in which you requested comments on the draft audit report on health services. In your memo, you requested that we also indicate our agreement or disagreement with each of the report's findings and recommendations.

We have reviewed the report and have no comments with respect to the finding of the report.

Our comments regarding the report's recommendations are as follows:

1. **Review the provision of health services in underutilized field offices to determine whether continued participation in the FOH program is cost-effective or whether services can be obtained in another matter.**

   We agree with this recommendation. This is consistent with advice provided by staff at FOH regarding the use of underutilized health facilities to be transitioned to "fee-for-service" basis that are not co-located in field offices.

2. **Coordinate with FOH and the Office Managers in the field offices to ensure that the field offices are aware of the services provided by the FOH Health Units.**

   We agree with this recommendation in part. HRB will renew its efforts to publicize the services provided by the FOH Health units. Information regarding services by FOH Health Units will be provided to Office Managers.

3. **Coordinate with PFB so that the obligation for health services is recorded when the interagency agreement is signed.**

   We agree with this recommendation. HRB will notify PFB to record the obligation through the purchase order process.

4. **Coordinate with PFB to deobligate the $6,354 of the health services obligations that will lapse on September 30, 2007.**

We agree with this recommendation. HRB will work with FOH and PFB to deobligate any unused funds prior to September 30, 2007.

5. **Coordinate with PFB to pursue options to share space rent costs for the Headquarters health unit with the other participating agencies.**

   We disagree with this recommendation. NLRB does not have delegated authority from GSA to charge rent cost from other participating agencies. PFB has indicated that tenant agencies pay for health services on a pro rata basis with FOH. It was never intended to charge agencies space rent for the health unit.

Thank you for the opportunity to comment on the draft report. If you have any questions, please contact me on 273-3801.