



Office of Inspector General

Charge Card Program

AUDIT OF THE FEDERAL LABOR RELATIONS AUTHORITY FY 2018 CHARGE CARD PROGRAM AND RISK ASSESSMENT

Fiscal Year 2018
Report No. AR-19-05

Federal Labor Relations Authority
1400 K Street, N.W. Suite 250, Washington, D.C. 20424

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*The Federal Labor Relations Authority
Office of Inspector General*

March 26, 2019

Colleen Duffy Kiko
Chairman

Dembo Jones, P.C. (Dembo Jones), on behalf of the Federal Labor Relations Authority (FLRA), Office of Inspector General (OIG), conducted an independent audit of the effectiveness of internal controls over the Government charge and travel card programs of the FLRA. We assessed the effectiveness of controls for issuing cards and ensuring proper use. We also performed a risk assessment of the FLRA charge card program for Fiscal Year (FY) 2018. This report was prepared in conjunction with the Inspector General (IG) and Dembo Jones.

Results in Brief

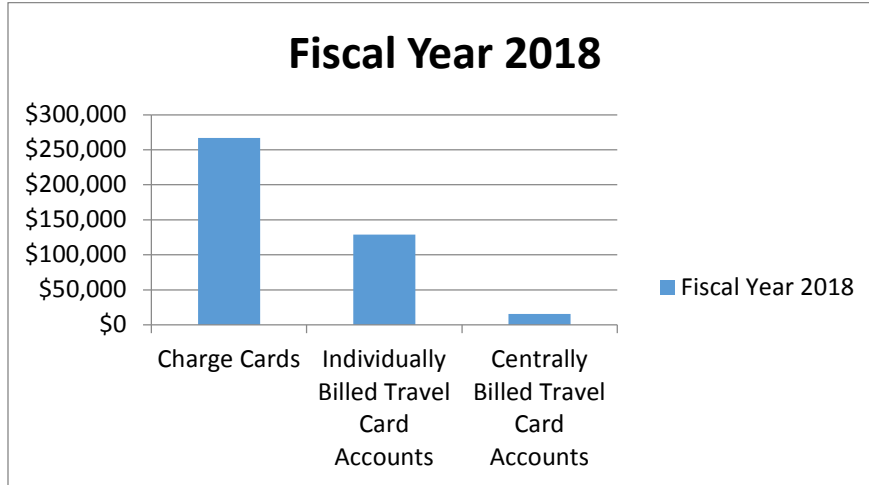
During our FY 2018 purchase card and travel card audit, we conducted an entrance conference to discuss the current year charge card program audit and assess FY 2018 oversight and controls for the program. In addition, we received and reviewed FLRA's policies and procedures related to the travel and purchase cards systems that were in effect during FY 2018. The Federal Travel Regulation (FTR) 2018-01 amendment was reviewed for the statutory requirements and Executive branch policies for travel at Government expense. We then assessed risk to be low for the programs. We then performed testing of transactions as described in this report.

There were no findings or exceptions based on our tests of the charge card program. However, there were findings and/or exceptions based on our tests of the travel card program, as described in this report.

Background

The FLRA conducts business using the government charge cards each FY. As shown in Figure 1, in FY 2018, FLRA had more than \$400,000 in charge and travel card transactions.

Figure 1: FLRA Charge Card Expenditures for FY 2018



The *Government Charge Card Abuse Prevention Act of 2012* (Charge Card Act), (Public Law 112-194), enacted on October 5, 2012, which reinforced Administration efforts to prevent recurring waste, fraud, and abuse of government-wide charge cards. The law requires the OIG’s to conduct periodic (at least annually) risk assessments of agency purchase cards (including convenience checks), combined integrated card programs and travel card programs to analyze the risks of illegal, improper, or erroneous purchases.

The Charge Card Act requires all executive branch agencies¹ to establish and maintain safeguards and internal controls for purchase cards, travel cards, integrated cards,² and centrally billed accounts consistent with existing guidance:

- Office of Management and Budget (OMB) Circular A-123, Appendix B (Improving the Management of Government Charge Card Programs); and
- OMB Memorandum M-12-12 (Promoting Efficient Spending to Support Agency Operations).

In our FY 2018 Risk Assessment, we determined the FLRA to be at a low level risk based on a review of policies and procedures for FLRA’s charge card program.³

¹ The definition of “executive agency” for purposes of the Charge Card Act is found at 41 U.S.C. 133.

² The integrated card is a combination of two or more business lines on a single card (e.g. purchase and travel).

³ [AR-16-03](#), Follow-up Audit of the FLRA Charge Card Program and Risk Assessment for FY 2015

Audit Results

We completed testing for the charge card and travel card programs and determined internal controls put in place for charge card program continue to operate effectively; however, there were several findings and exceptions found for the travel card programs controls. Our findings, exceptions, and recommendations are stated below.

Untimely Submission of Travel Vouchers

During our performance of audit tests related to travel vouchers we noted the following issues:

- Of the 42 travel vouchers reviewed during the financial statement audit and charge card testing, there were two instances where the travel orders were not authorized prior to travel. FTR state that generally you must have written or electronic authorization prior to incurring any travel expense.
- Of the 42 travel vouchers reviewed during the financial statement audit and charge card testing, there were 11 instances where the traveler did not submit their voucher to the approving official within the required number of business days upon completion of the trip. FTR state that travel vouchers should be submitted to the appropriate approving official within 5 business days after travel.

Recommendation:

1. We recommend the Executive Director remind employees to obtain travel authorizations and submit travel vouchers in a timely manner in accordance with FTR's and FLRA's policy instruction.

Noncompliance with Reimbursement (Travel Voucher Claims) Unsigned Submission of Travel Vouchers

During our performance of audit tests related to travel vouchers we noted the following issue:

- Of the 42 travel vouchers reviewed during the financial statement audit and charge card testing, there was one instance where the travel voucher was not signed by the traveler. This is a violation of the FLRA's Policy Instruction No. 1501.3 that states, "a travel voucher is considered "complete" when it includes all appropriate signatures and all required receipts."

Recommendation:

2. We recommend the Executive Director remind employees to sign their travel vouchers and remind approving officials of the requirements stated by FLRA's Policy Instruction No. 1501.3 for travel vouchers to be considered complete.

Management Response:

Management agrees with the findings, exceptions and recommendations. Dembo Jones and the IG have reviewed management's response and find it acceptable.

Based on these finding and exceptions we recommend to conduct a follow-up audit of FY 2019 to determine if our recommendations for travel card programs have been implemented and to determine if charge card operating policies and procedures continue to operate effectively.

Dembo Jones, P.C.



Rockville, Maryland
March 26, 2019

Appendix 1

Objective, Scope, and Methodology

The audit covered charge and travel card transactions for FY 2018. FLRA had 6 charge cards and 97 active travel cards during the beginning of our audit work. Audit fieldwork took place in November 2018 and March 2019.

We conducted this audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

To accomplish our audit objectives, we obtained an understanding of the FLRA purchase and travel card programs to include the design, implementation, and operating effectiveness of internal controls, compliance with FLRA governing policies and procedures, and compliance with applicable laws, regulations, and provisions. We conducted interviews and key FLRA personnel, and inspected relevant supporting documentation. Based on our initial risk assessment, we designed the audit procedures to assess the internal controls' operating effectiveness, to review specific attributes of the programs, and to determine compliance with the identified laws, regulations, and provisions governing the program. After completion of our testing, the results were analyzed, summarized and discussed with the key personnel involved in overseeing the programs.

Our procedures included checking for the cardholder signature and approvals by appropriate officials, examining receipts, reviewing obligation documents and travel authorizations and checking for compliance with FLRA policies such as timeliness of submission of expense reports and payment, limits on amounts spent and examining travel requests to be sure they were in accordance with FTR's.

During our FY 2018 financial statement audit, we had tested 32 of the active travel card holders' transactions. No significant issues were found during our testing of charge and travel cards during the FY 2018 financial statement audit, other than untimely submission of travel reports in 9 cases. However, we expanded our testing as discussed below for this audit.

We obtained lists of all card holders for the charge card and travel programs. For the charge cards, we selected all 6 card holders for transaction testing and requested their training certificates. For the travel cards, we requested 32 active travel card holders training certificates.

In addition to the 32 travel card holders' transactions tested during the financial statement audit, another 10 travel card holders were selected for additional travel card transaction testing.

Appendix 2

Management Response

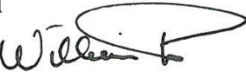


UNITED STATES OF AMERICA
FEDERAL LABOR RELATIONS AUTHORITY

March 25, 2019

MEMORANDUM

TO: Dana Rooney
Inspector General

FROM: William Tosick 
Executive Director

SUBJECT: Management Response to the Draft Report AR-19-05 - Audit of Federal Labor Relations Authority's Charge Card Program and Risk Assessment

The purpose of this memorandum is to provide management response regarding the audit recommendations pertaining to the Federal Labor Relations Authority's (FLRA) Charge Card Program and Risk Assessment. The recommendations are addressed separately below. I personally reviewed the audit findings and recommendations, and the Office of the Executive Director looks forward to collaborating with your office as we work to ameliorate our program to address the findings in this audit.

Recommendation 1.

We recommend the Executive Director remind employees to obtain travel authorizations and submit travel vouchers in a timely manner in accordance with FTR's and FLRA's policy instruction.

Management Response: The Executive Director concurs with the recommendation and will work with managers and employees to address.

Recommendation 2.

We recommend the Executive Director remind employees to sign their travel vouchers and remind approving officials of the requirements stated by FLRA's Policy Instruction No. 1501.3 for travel vouchers to be considered complete.

Management Response: The Executive Director concurs with the recommendation and will work with managers and employees to address.

Appendix 3

Report Distribution

Federal Labor Relations Authority

Ernest DuBester, Member

James Abbott, Member

William Tosick, Executive Director

Xavier Storr, Director, Administrative Services Division

Appendix 4

Acronyms and Abbreviations

Charge Card Act	Government Charge Card Abuse Prevention Act of 2012
Dembo Jones	Dembo Jones, P.C.
FLRA	Federal Labor Relations Authority
FTR	Federal Travel Regulation
FY	Fiscal Year
IG	Inspector General
OIG	Office of Inspector General
OMB	Office of Management and Budget

CONTACTING THE OFFICE OF INSPECTOR GENERAL

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FRAUDULENT, OR ABUSIVE OF FEDERAL FUNDS,
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[HTTP://WWW.FLRA.GOV/OIG-HOTLINE](http://www.flra.gov/oig-hotline)

EMAIL: OIGMAIL@FLRA.GOV
CALL: (202)218-7970 FAX: (202)343-1072
WRITE TO: 1400 K Street, N.W. Suite 250, Washington,
D.C. 20424

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