



Office of Inspector General

# Charge Card Program

# AUDIT OF THE FEDERAL LABOR RELATIONS AUTHORITY FY 2014 CHARGE CARD PROGRAM

Fiscal Year 2014  
Report No. AR-15-02

January 2015

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



**OFFICE OF INSPECTOR GENERAL**  
Federal Labor Relations Authority

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## Follow-up Audit of the Federal Labor Relations Authority Charge Card Program and Risk Assessment for Fiscal Year 2014

### Objective

Our overall objective for this audit was to follow-up on the Audit of the Federal Labor Relations Authority (FLRA) Fiscal Year (FY) 2013 Charge Card Program Report No, AR-14-03. The purpose of our FY 2014 follow-up review was to ensure that the recommendations accepted by FLRA were satisfactorily implemented and appropriately resolved. We also performed a risk assessment of the FLRA charge card program for FY 2014.

### Summary

There were six recommendations in our previous report for FY 2013. Our review showed that four recommendations were implemented and are now closed, leaving two open. The two remaining recommendations involve Findings No. 1 and 4 below. Our risk assessment for FY 2014 was considered moderate, but the risk for FY 2015 is increased due to the magnitude of changes being made to systems and service providers. We therefore recommend an audit of the FY 2015 charge card program.

### Follow-up on Prior Year Findings

#### **Finding No. 1 – Lack of Policy and Procedures for Purchase Cards**

*FLRA does not have complete, written internal policies and procedures regarding the operation of the purchase card program. OMB Circular A-123, Appendix B, Improving the Management of Government Charge Card Program requires such policies and procedures for the appropriate use of charge cards.*

#### **FY 2014 Follow-up:**

As of September 30, 2014, a formal written internal policies and procedures had not been implemented; however, progress was made in FY 2014. A draft Purchase Card Policy and Operating Procedures was prepared during FY 2014 containing policies and procedures that address the appropriate use of purchase cards specific to FLRA. We reviewed the draft policy and verified it was written in accordance with the required elements outlined in Office of Management and Budget (OMB) Circular A-123, Appendix B, Chapter 2.3. Due to the implementation of a new Purchase Card system effective October 1, 2014 with a new service provider, the Purchase Card Policy and Operating Procedures are being modified to reflect system changes, and thus have not been finalized. The policy is currently in its second draft and is being reviewed by management. This finding is anticipated to be cleared during FY 2015. **This finding remains open.**

## **Finding No. 2 – Noncompliance with Training Policies and Procedures**

*FLRA is not in compliance with the training policies and procedures stated in OMB Circular A-123, Appendix B, Chapter 3.*

### **FY 2014 Follow-up:**

FLRA is now in compliance with the training policies and procedures stated in OMB Circular A-123, Appendix B, Chapter 3 as of September 30, 2014. The Government Contractor-Issued Travel Charge Cards Policy Instruction No. 1501.3 requires new travel card applicants to complete the travel card training module before obtaining their travel card. In addition, the same training module is to be completed by all travel card program participants at least once every 3 years. In accordance with OMB Circular A-123, Appendix B, Chapter 3.4, copies of the Certificate of Training Completion are retained by the Travel Program Coordinator. We selected a sample of 5 travel card holders for certificate testing. All 5 travel card holders selected had certificates from Administrative Resource Center (ARC) of the U.S. Department of Treasury's Bureau of the Fiscal Service indicating completion of the Citibank Government Travel Card Training and Application Package.

The draft Purchase Card Policy and Operating Procedures has been written to comply with the requirements of OMB Circular A-123, Appendix B, Chapter 3. It requires cardholders, Authorizing Officials, and Finance Officials to complete mandatory initial cardholder training (for all new cards issued) and biennial refresher training. The training requirements are to be monitored by the Head of the Contracting Activity. Records of cardholder and Authorizing Official training will be maintained by Program Coordinators. During September 2014, refresher training was provided to all purchase card holders through GSA SmartPay Purchase Card Training. All of the four purchase card holders we selected for testing had a certificate of training completion on file that was current. **This finding is closed.**

## **Finding No. 3 – Untimely Payments**

*Of the 20 travel charge card reimbursements reviewed during testing, two were not paid to the cardholder within the 5 days of receiving the travel voucher. This is a violation of FLRA Policy.*

### **FY 2014 Follow-up:**

Untimely payments of charge card reimbursements have been substantially resolved. During the FY 2014 FLRA financial statement audit, only one of the 32 travel card reimbursements tested was not paid within 5 days of receiving the travel voucher. FLRA continues to work with its financial services provider to ensure timely payments are processed. **This finding is closed.**

## **Finding No. 4 – Untimely Submission of Travel Vouchers**

*Of the 20 travel vouchers reviewed during testing, there were three 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.*



**FY 2014- Follow-up:**

Untimely submission of travel vouchers continued to be a problem. During the FY 2014 Financial Statement Audit, six of the 32 travel card reimbursements tested were not submitted by the traveler to the approving official within the required number of business days upon completion of the trip. We continue to recommend that the FLRA remind employees to submit their travel vouchers in a timely manner in accordance with Federal Travel Regulations and FLRA's policy instruction. **This finding remains open.**

**Finding No. 5 – Outdated Travel Card Policies and Procedures**

*FLRA's Policy Instruction No. 1501.2 for Government Contractor-Issued Travel Charge Cards was approved in 2004 by former FLRA management officials. The Policy Instruction has not been updated since its approval in 2004. Under Chapter 2.1 of OMB Circular A-123, Appendix B, written policies and procedures should be updated annually, or more frequently, if necessary to remain current.*

**FY 2014- Follow-up:**

FLRA has addressed and resolved the outdated travel card policies and procedures. FLRA issued Policy Instruction No. 1501.3 for Government Contractor-Issued Travel Charge Cards on May 2, 2014. This Policy Instruction was approved by the current Executive Director on May 2, 2014 and the policies addressed were effective immediately. We reviewed Policy Instruction No. 1501.3 and verified the policies and procedures comply with OMB Circular A-123 Appendix B. **This finding is closed.**

**Finding No. 6 - Lack of Credit Worthiness Assessment for New Travel Cardholders**

*FLRA does not assess the credit worthiness of new travel charge card applicants prior to issuing a card. Under Chapter 6.1 of OMB Circular A-123, Appendix B, all new travel charge card applicants must undergo a credit worthiness assessment pursuant to Section 846 of the Consolidated Appropriates Act, 2008. As of the effective date of the Consolidated Appropriates Act, 2008, only new cardholders are subject to assessment; current cardholders are not subject to these requirements.*

**FY 2014- Follow-up:**

FLRA has addressed and resolved the lack of credit worthiness assessment for new travel cardholders. The Government Contractor-Issued Travel Charge Cards Policy Instruction No. 1501.3 includes a provision requiring FLRA to obtain a credit score assessment for all first-time travel card applicants before issuing a standard travel card. The minimum credit score required to be obtained by the applicant is consistent with the requirements of OMB Circular A-123, Appendix B, Chapter 6.3.1. We reviewed a listing of all travel charge cards issued after May 2, 2014 and selected 5 cardholders for review. None of the 5 cardholders selected were first time applicants and therefore were exempt from completing a credit worthiness assessment. We discussed the credit score assessment requirement with management and confirmed that the assessments are being conducted when required. FLRA is in compliance with Circular A-123, Appendix B, Chapter 6. **This finding is closed.**

## Risk Assessment

We conducted an entrance conference to discuss the progress made in implementing the changes identified in FLRA's formal response to our audit findings raised on February 24, 2014 pertaining to internal controls over the FLRA charge card program. In addition, we completed an inquiry about FLRA policies and procedures related to the travel and purchase cards that were in effect during FY 2014 and changes that are expected in the future. When deemed appropriate, we conducted examinations of documentation provided by FLRA to verify the progress and changes indicated by the FLRA staff were complete and accurate.

Upon completion of the entrance conference, inquiry, and examinations, we discovered that the Purchase Card Policy and Operating Procedures were issued as a draft during FY 2014 but the final policy has not yet taken effect. In addition, the Citibank GSA Purchase Card system in place during FY's 2013 and 2014 is being transitioned to CitiDirect Management System effective October 1, 2014. The Travel Card Policy was updated during FY 2014 and implemented on May 2, 2014. The new policy helped resolve several of the findings identified during the FY 2013 Charge Card audit. Effective October 1, 2014 the travel card program will no longer be managed by the Budget and Finance Division; instead it will be managed by the Administrative Services Division. In addition, the Citibank GSA Travel Charge Card system in place during FY's 2013 and 2014 is being transitioned to CitiDirect Management System and Administrative Resource Center effective October 1, 2014. FLRA is modifying both the Purchase Card Policy and Operating Procedures and the Travel Card Policy to reflect the impact of the system changes.

Based on the results of the charge card program follow-up audit described above, we believe FLRA's risk for FY 2014 purchases remained as moderate. However, due to the substantial amount of changes being made to the charge card program effective October 1, 2014, we believe there is an increased risk in the charge card program for FY 2015.

Due to an expected increased level of risk for FY 2015, we recommend conducting audit testing in FY 2015 to determine if sufficient internal controls have been implemented in the new purchase card and travel card systems to mitigate risks of cardholder misuse of FLRA's charge card program.

*Dembo, Jones, Healy, Pennington & Marshall, P.C.*

*Rockville, Maryland  
January 23, 2015*

## APPENDIX A:

### Management Comments to the Draft Report



UNITED STATES OF AMERICA  
FEDERAL LABOR RELATIONS AUTHORITY

January 20, 2015

**MEMORANDUM**

TO: Dana Rooney-Fisher  
Inspector General

FROM: Sarah Whittle Spooner  
Executive Director

SUBJECT: Draft Report Follow-up Audit of the FLRA Charge Card Program and Risk Assessment for FY 2014 Report No. AR-15-02

Thank you for the opportunity to review and provide comments to the draft audit report. We are pleased to learn that three of the six findings were closed based on our actions adopting your prior recommendations. Below are our preliminary comments concerning the remaining open findings. We appreciate your consideration in finalizing the report.

**Finding No. 1 - Lack of Policy and Procedures for Purchase Cards**

*FLRA does not have complete, written internal policies and procedures regarding the operation of the purchase card program. OMB Circular A-123, Appendix B, Improving the Management of Government Charge Card Program requires such policies and procedures for the appropriate use of charge cards.*

We are pleased to advise that the draft Purchase Card Policy and Operating Procedures, which was written in accordance with the required elements outlined in Office of Management and Budget (OMB) Circular A-123, Appendix B, Chapter 2.3., will be finalized and implemented no later than March 31, 2015.

**Finding No. 3 – Untimely Payments**

*Of the 20 travel charge card reimbursements reviewed during testing, two were not paid to the cardholder within the 5 days of receiving the travel voucher. This is a violation of FLRA Policy Instruction No. (1570)*

Although the finding of untimely travel card reimbursements was not completely resolved, the FLRA made significant progress in this area. In this connection, in FY 2013, 10 percent of the reviewed reimbursements were untimely paid. In sharp contracts, in FY 2014, only one of 32 – a more than 50 percent greater pool of reimbursements – was untimely paid. This error rate – which is essentially 3 percent – while not perfect is reasonable, and is evidence that there are adequate controls in place. We will continue to work with our financial services provider to ensure timely payments are processed, and that the error rate does not exceed a reasonable percentage of those reimbursements accomplished within any given fiscal year. We respectfully request that this finding be closed in light of the agency's significant progress.



**Finding No. 4 – Untimely Submission of Travel Vouchers**

*Of the 20 travel vouchers reviewed during testing, there were three 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.*

At the beginning of FY 2015 the FLRA transitioned its travel services from the Interior Business Center (E2) travel system to the Bureau of Fiscal Services (Concur) system. We are working with our new provider and FLRA employees – who are transitioning to the new system -- to ensure that the appropriate procedures and controls are in place to prevent the untimely submission of travel vouchers. This work is on-going.

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EMAIL: [OIGMAIL@FLRA.GOV](mailto: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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