



Office of Inspector General

Charge Card Program

AUDIT OF THE FEDERAL LABOR RELATIONS AUTHORITY CHARGE CARD PROGRAM AND RISK ASSESSMENT FOR FISCAL YEAR 2016

FISCAL YEAR 2016
REPORT NO. AR-17-04

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

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January 13, 2017

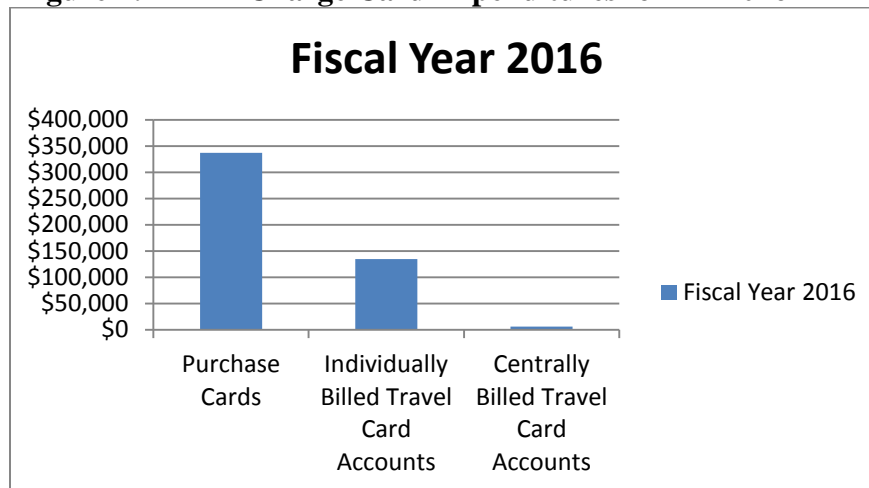
Ernest DuBester
Chairman

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 purchase 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) 2016. This report was prepared in conjunction with the Inspector General (IG) and Dembo Jones.

Background

The FLRA conducts business using the government charge cards each FY. As shown in Figure 1, in FY 2016, FLRA had more than \$ 477,000 in purchase and travel card transactions.

Figure 1: FLRA Charge Card Expenditures for FY 2016



The *Government Charge Card Abuse Prevention Act of 2012* (Charge Card Act), (Public Law 112-194), enacted on October 5, 2012, 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 2015 Risk Assessment, our office reported the FLRA to be at a low level risk based on a review of policies and procedures for FLRA's charge card program.³

Results in Brief

During our FY 2016 evaluation, we conducted an entrance conference to discuss the current year charge card program audit and assess FY 2016 oversight and controls for the program. In addition, we held discussions with Administrative Services Division personnel concerning the effectiveness of the FLRA's policies and procedures related to the new travel and purchase cards systems that were in effect during FY 2016. When deemed appropriate, we conducted examinations of documentation provided by FLRA to determine that policies and procedures in place in the prior year were still in place. We then assessed risk to be low for the charge card program. 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 and travel card programs.

Damko Jones, P.C.

Rockville, Maryland
January 13, 2017

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

Appendix 1

Objective, Scope, and Methodology

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 with 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.

The audit covered purchase and travel card transactions for FY 2016. FLRA had 12 purchase cards and 108 active travel cards during the beginning of our audit work. Audit fieldwork took place in November 2016 and January 2017.

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 Federal Travel Regulations.

During our FY 2016 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 2016 financial statement audit. However, we expanded our testing as discussed below.

We obtained lists of all card holders for the charge card and travel programs. For the charge cards, we selected all 12 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.

We completed testing for the charge card and travel card programs and determined internal controls put in place continue to operate effectively. Our recommendation is to conduct a follow-up audit of FY 2017 charge card and travel card programs to determine if operating policies and procedures continue to operate effectively.

Appendix 2

Report Distribution

Federal Labor Relations Authority

Patrick Pizzella, Member
Sarah Whittle Spooner, Executive Director
Xavier Storr, Director, Administrative Services Division

Appendix 3

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
FY	Fiscal Year
IG	Inspector General
OIG	Office of Inspector General
OMB	Office of Management and Budget

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