



UNITED STATES OF AMERICA
FEDERAL LABOR RELATIONS AUTHORITY
OFFICE OF THE INSPECTOR GENERAL
WASHINGTON, D.C. 20424-0001

July 13, 2009

SUBJECT: Federal Labor Relations Authority Inspector General Internal Review of FLRA Purchase Cards.

METHODOLOGY: This Federal Labor Relations Authority Inspector General Internal Review of FLRA Purchase Cards was conducted in accordance with the Inspector General Reform Act of 2008, the Inspector General Act of 1978, as amended, and in compliance with the Inspector General Counsel of Integrity and Efficiency and the Federal Labor Relations Authority Inspector General's updated (2009) related policies.

OBJECTIVE: The objective of this FLRA Inspector General Internal Review is to determine the efficiency and effectiveness of the use of FLRA purchase cards and to make sure there is no fraud, waste, abuse, or mismanagement.

REGULATIONS:

- Office of Management and Budget (OMB) Circular A-123 (revised January 2009)
- Standards of the Government Accountability Office (GAO)
- National Performance Review (NPR)
- Federal Acquisition Streamlining Act (FASA)

BACKGROUND:

OMB's Circular A-123 has guidance which contains prior guidance from Standards of the Government Accountability (GAO) and contains standard requirements and best practices for government charge card practices. National Performance Review (NPR) and Federal Acquisition Streamlining Act (FASA) established a micro-purchase threshold and purchase cards became the recommended method for making micro-purchases. The Federal government purchase card program actually started in 1982.

Because previous FLRA records no longer existed, FLRA management did not know exactly when the FLRA purchase card program was instituted. However, the current Director of Administrative Services Division affirmed that it existed from 2003 when she came to the FLRA. The Office of Budget and Finances stated that they have kept FLRA purchase files for 6 years, 7 months which also relates to 2003.

The General Services Administration manages Federal government agencies purchase card program known as Smart Pay. Agencies can select their own purchase card services from contracts associated with major banks. The FLRA has obtained its purchase cards from Citibank.

Director, Administrative Services Division is the Head of the FLRA Purchase Card Program. Citibank currently provides the FLRA with purchase credit cards. The FLRA needs consistent guidance on the use of purchase cards. There is currently no FLRA instruction or documentation on purchasing. FLRA offices that have purchase cards have an Approving Official/Purchase Card Holder.

FACTS:

FLRA purchase card holders include two employees in the Administrative Services Division, one employee in the Office of the Executive Director (in IRM), and one employee in each of the FLRA Regional Offices. All FLRA Headquarters employees must obtain supplies through the Administrative Services Division.

During FY 2008, \$177,744.62 was spent by the FLRA with purchase cards. In FY 2009, so far to June 30, 2009, \$89,939.38 has been spent. Files for FLRA purchases have been kept in the Budget and Finance Office for 6 years, 7 months. The FY 2008 and FY 2009 files affirm these expenditures.

The purchase limit for micro purchases is \$3,000.00 per transaction for purchase holders at FLRA Headquarters. Regional Office purchases are limited to \$2,000.00 per transaction. All FLRA purchases are obtained through Citibank. All purchases must be documented by the purchase holder prior to sending to the Budget and Finance Office. The Approval Officials (Director of Administrative Services Division, Acting Executive

Director, and Regional Directors) are responsible for questioning any concerned or improper charges on the purchase cards.

The FLRA purchase card holders are required to submit signed purchase card statements to the Office of Budget and Finance by the third workday of each month with all back up documents including receipts. For the past 6 years and 7 months, there was no indication of improper purchasing.

FLRA Regional Offices were supposed to receive \$2,000.00 (\$500.00 per quarter) for FY 2008 and 2009 for purchase card purchases as needed. The Washington Regional Office only had a \$250.00 budget sent for purchase cards for FY 2009 even though it should have been \$2,000.00. The Washington Regional Office Purchase Card Holder asked Budget and Finance several times why they have only gotten \$250.00 and had not gotten a response as of June 30, 2009 regarding this issue. As a result, they are working with minimal supplies. There was no formal budget guidance provided to the Office of Administrative Law Judges (OALJ) in FY 2008. In 2009, the OALJ's purchase card budget was \$1,000.00; however, it was reduced to \$600 in the last adjustment.

The FLRA Information Management Technology Purchase Card Holder had an approved budget for FY 2008 for \$20,000.00 and \$30,000 for FY 2009. This use is for information technology needs such as hardware, software, annual service renewal and related necessary supplies such as paper for printers, and ink. When the Information Management Technology Purchase Card Holder was appointed in July 2008, he was provided Government Purchase Training at the USDA Graduate School. Although USDA Graduate School training software was purchased by the previous administration Executive Director, this was not used for FLRA employees during that time.

FLRA purchase card holders had to complete some type of purchase card training before they could use the purchase card. All cardholders must complete training on line at GSA for new cards issued and every time a card is replaced. A copy of their course completion is sent to the Director of Administrative Services Division. Some purchase card holders were made aware of a notebook entitled "Purchase Cards Presented by Houseman & Associates." Some purchase card holders received information through Citibank cardholder guide. In September 2006, the former FLRA Executive Director issued a memorandum regarding local travel reimbursement expenditures but this did not relate to purchasing.

There have been several times that some FLRA Regional Offices had to be given extra funds to stock up on supplies because the budget for the upcoming fiscal year had not been approved by Congress for the FLRA but most FLRA offices did not have problems in making necessary purchases.

All FLRA purchases must be approved in advance by the FLRA Approving Official. In FLRA Headquarters, where most of the FLRA's purchases are made, "drawdown logs" are used by the Administrative Services Division to ensure that the FLRA offices are spending properly within their object class codes.

If additional purchases beyond the allocated purchase budget need to be obtained, the purchase holder contacts their Approving Official and Budget and Finance Division for additional adjustments.

The FLRA created a draft purchase card policy in 2003 which was never implemented. In 2007, this policy was updated and revised in 2007 but never approved or implemented by the previous administration's management.

The decision on who would have purchase cards was made by the former administration's Executive Director. Then and now, not all FLRA Offices have purchase cards or a purchase budget. The Administrative Services Division, Information Resource Management Division, Administrative Law Judges Office and all FLRA Regional Offices have purchase cards. The FLRA Authority, Federal Service Impasses Panel, Human Resource Division, Budget and Finance Division and Office of Inspector General do not have purchase cards to use.

No FLRA purchase card holders use their purchase cards for travel. For travel, FLRA credit cards are used by FLRA employees. The purchase of training is authorized on purchase cards. All training for the FLRA has to be approved by management and is completed in the Administrative Services Division.

CONCLUSION:

Although the FLRA is handling purchase cards properly, current management needs to update the program, its instruction and training and should consider issuing purchase cards

to all FLRA components as well as administrative offices so that supplies that are needed can be obtained immediately.

FINDINGS:

Finding 1.

The FLRA Authority, Federal Service Impasses Panel, Human Resource Division, Budget and Finance Division and Office of Inspector General do not have purchase cards to use and must go through the Administrative Services Division to obtain supplies and purchases.

Recommendation 1.

Management should provide purchase cards to all components (and Office of Inspector General) at Headquarters instead of just to the Administrative Office and Office of Executive Director for supplies and training funds.

Finding 2.

Purchase Card Policy created in 2003 and updated/revised in 2007 by a contractor was never approved or implemented by prior management.

Recommendation 2.

The Administrative Services Division should update/revise the 2007 Purchase Card instruction and submit it to the current Executive Director for approval.

Finding 3.

For FY 2009, the Washington Regional Office only received \$250.00 budget for Purchase Card purchases rather than \$2,000.00. As a result all Washington Regional Office employees are working without needed supplies.

Recommendation 3.

FLRA management should immediately provide the Washington Regional Office necessary 2009 Purchase Card finances.