



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

November 5, 2002

MANAGEMENT LETTER

To: Dale Cabaniss
Chairman

From: Francine Eichler
Inspector General

Subject: FLRA's FY 2002 Use of Government Credit Card

Reference: Federal Travel Manual, Sections 300-305

In response to Congressional interests, I have conducted an audit of FLRA employee's use of Government credit card during FY 2002 by reviewing CITIBANK billings for FLRA purchases and travel. Questionable usages of the CITIBANK were discussed with the Contracting Officer for purchases and Travel Manager for travel to clarify the specific use. Neither of these managers conducted an internal review of the material they provided to the Inspector General for this analysis.

The FLRA does not yet have documented policy providing the standards for the use of the Government credit card for purchases and travel. Guidance from the Federal level (Chapter 300 of the Federal Travel Regulation) on the appropriate use of Government credit card has been distributed to FLRA employees by the Budget and Finance Division.

The Inspector General Review of purchases made with the Government credit card revealed that currently, 15 FLRA employees were authorized to use the Government credit card for purchases.

As of July 31, 2002, the total year to date purchases of the FLRA on the Government credit card totaled \$492,922.22. Year to date cash advances totaled \$44,064.20. The paperwork indicated there was no amount in dispute and the average purchase for FY 2002 was \$716.46. There were a few occasions where the purchase requests were denied because of insufficient available money. The review of documentation provided to the Inspector General by the FLRA Contracting Officer also revealed that some authorized personnel used expired Government credit cards to make purchases.

Since the use of Imprest Funds is no longer permissible, FLRA is using convenience checks to reimburse employees for local travel and emergency purchases. These checks are funded through cash advances obtained through the use of the CITIBANK credit card. Typical credit card purchases during FY 2002 included, training, government services, purchase of telecommunication equipment, purchase of supplies, janitorial services, equipment and furniture purchases, business systems purchases, organization membership, management consultation, sports, athletic recreation membership, anthrax health care services, photography services, airline fees for infrequent travelers and direct marketing. All purchases were supported by and validated by requisitions which, if over \$1,000.00 were approved by the Chairman. A few purchases were questionable and checked by the Inspector General and were evaluated as proper use.

The Inspector General review of CITIBANK documentation related to the use of the Government credit card for travel during the year of FY 2002 and half of FY 2001 revealed some possible inappropriate use of the card by some FLRA travelers (both employees and managers.) This list was provided to the Director, Budget and Finance Division who contacted the supervisors of the individuals. While some employees contacted provided acceptable explanations, there were quite a few who claimed the use was "inadvertent."^{1/} 1 Several of the employees had been questioned on the use of their cards on travel, were supposed to have been counseled by their supervisors on the appropriate and inappropriate use of Government credit card as the result of an Inspector General Review of Government credit card for travel during FY 2000-2001. It did not appear that this was done. This list and the reply of the supervisors are included as an attachment for you to see those billings which were questioned and the employees' responses (via their supervisors).

During this assessment, the procurement and travel managers both stated to the Inspector General, that they randomly checked CITIBANK travel and procurement billing statements and FLRA usage appeared proper. The FLRA Inspector General review revealed quite a few questionable and several overt misuses of the CITIBANK credit card in the travel arena. Apparently, none of these showed up in the "random checks" by the travel manager. As previously mentioned, there were also some questionable items in the procurement area which were questioned by the Inspector General but not previously questioned by the Procurement Officer. It appears that the current review process used by the Travel Program Manager and Procurement Officer is not sufficient and needs to be strengthened to include the pursuit and subsequent documentation of apparent misuse. Closer Office management oversight needs to be

^{1/} As an example, uses at CITIBANK designated "alcohol and beverage places" were questioned because it is illegal to use Government Credit Cards for alcohol purchases." These designations turned out to be restaurants and, therefore, Government card usage was appropriate.

provided to ensure that apparent and/or questionable misuses are pursued, validated or invalidated and documented on a monthly basis. Although the FLRA is not required to provide OMB quarterly reports on the proper or improper use of Government credit cards for travel and procurement, the FLRA should administrate these programs in compliance with Federal requirements and management responsibilities.^{2/ 2} Furthermore, all employees who are issued Government Travel Cards should be briefed and provided explicit guidance on what is proper and what is not proper usage. Even though employees, not the FLRA, are responsible for the payments relating to charged items on their Government travel credit card, the Federal Travel regulations state that Government credit card should not be used for personal purchases. The bottom line is that the use of Government Credit Cards for personnel purchases and non travel related items or non Agency small purchases are improper and unethical.

Recommendations: Based on this assessment, the FLRA Inspector General suggests that the FLRA:

1. Create and provide FLRA employees with policy/guidance on the use of Government credit card (both previous Inspector General audit/internal reviews on Simplified Acquisitions and the Travel Program recommended this.) FLRA policy should incorporate the cancellation of a credit card if an individual misuses the card more than once.
2. Require the FLRA Contracting Officer and Travel Manager to conduct monthly reviews on Government credit card usage by FLRA employees, pursue questionable items and document findings. The Executive Director should review this documentation at least semi-annually
3. Require supervisors to provide employees information on the use and misuse of the Government credit card and provide more oversight over employees who have misused their cards.

^{2/} OMB Memorandum M-03-02 lists those agencies which are required to submit quarterly reports. The FLRA is not named on this list.