



Office of Inspector General

Follow-up on Audit of FLRA's Property and Equipment

FOLLOW-UP ON AUDIT OF FLRA'S PROPERTY AND EQUIPMENT

Report No. MAR-19-05
September 2019

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

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Abbreviations

ASD	Administrative Services Division
BFD	Budget and Finance Division
FY	Fiscal Year
FLRA	Federal Labor Relations Authority
OIG	Office of Inspector General

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September 12, 2019

The Honorable Colleen Duffy Kiko, Chairman

We previously reported to you the results of our Audit of the Federal Labor Relations Authority Property and Equipment (Report No. AR-18-05). That report was dated March 14, 2018. We contracted with the Federal Labor Relations Authority (FLRA) Office of Inspector General (OIG) to perform the follow-up review.

Results in Brief

That audit identified three weaknesses related to FLRA's property management system. The first weakness related to the age of the documented regulations in place for FLRA's property and equipment management program. The regulations "FLRA Nonexpendable Personal Property Management Program" was released in June 1988 and had not been updated to reflect FLRA's current property and equipment policies and control procedures.

The second weakness related to noncompliance with the policy. Section 7 of the regulations requires the Chief, Budget and Administration provide guidance and ensure each office designates a property custodian. Each property custodian was to conduct a complete and accurate physical inventory of property within his/her jurisdiction annually. FLRA had not conducted an inventory since 2014 and finally initiated an inventory 4 years later in Fiscal Year (FY) 2018.

The third weakness related to timely notification of the Budget and Finance Division (BFD) of adjustments needed to amounts recorded on the financial statements of the FLRA as property and equipment. At September 30, 2017 there was approximately \$1.1 million of furniture and equipment listed as assets on the financial statements, including approximately \$450 thousand of laptops and technology equipment purchased in FY 2014. Procedures were not in place to review those specific property listings and notify the BFD of needed adjustments to their records.

Objective

The objective was to perform a follow-up review of the three prior year findings identified in the March 14, 2018, Audit of FLRA's Property and Equipment (Report No. AR-18-05).

Follow-up on Audit of FLRA's Property and Equipment (Report No. MAR-19-05)

Prior Year Recommendations

We recommended the Director of Administrative Services Division (ASD):

- 1) Update the property management policy to reflect current operations and procedures over the control of property and equipment. The policy should include a time table for testing inventory records and contain specific procedures to notify the ASD of assets that are transferred, junked or no longer functional.
- 2) Conduct periodic inventory control reviews to ensure that its established policy and procedures are adequately executed.
- 3) Review the details of property and equipment that met financial statement capitalization policies and are shown as assets on the financial statements. The Director of ASD should trace these purchases to the updated assets lists and ensure they still exist and are in service. The BFD should be notified of any adjustments needed to future financial statements.

FLRA management acknowledges our findings and took correction actions.

Follow Up on Recommendations

We have reviewed management's actions taken to correct three deficiencies. We are pleased to report that management has implemented their corrected actions based on our recommendations and we consider the findings now closed.

Appendix 1

Report Distribution

Federal Labor Relations Authority

The Honorable Ernest DuBester, Member
The Honorable James Abbott, Member
Michael Jeffries, Executive Director
David Fontaine, Acting Chief Information Officer

CONTACTING THE OFFICE OF INSPECTOR GENERAL

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