



Office of Inspector General

Audit of the FLRA Charge Card  
Program and Risk Assessment  
for FY 2023

AUDIT OF THE FEDERAL  
LABOR RELATIONS  
AUTHORITY CHARGE CARD  
PROGRAM AND RISK  
ASSESSMENT FOR FISCAL  
YEAR 2023

Report No. AR-24-04  
January 2024

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

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## OIG

## Audit Report

*The Federal Labor Relations Authority  
Office of Inspector General*

*No. AR-24-04*

January 23, 2024

Susan Tsui Grundmann  
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 to determine whether internal controls are in place to ensure compliance with laws and regulations and the effectiveness of internal controls over the Government charge 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) 2023 and followed up on the prior year recommendation. This report was prepared in conjunction with the Inspector General and Dembo Jones.

### Results in Brief

During our FY 2023 purchase card and travel card audit, we conducted an entrance conference to discuss the current year charge card program audit and assess oversight and controls for the program. In addition, we received and reviewed FLRA's policies and procedures related to the travel and purchase cards systems that were in effect during FY 2023. Office of Management and Budget (OMB) Circular No. A-123, Appendix B Revised and Code of Federal Regulations Title 41, Subtitle F - Federal Travel Regulation System were reviewed for the statutory requirements and executive branch policies for travel and purchases at Government expense. We then assessed risk to be low for the programs. We then performed testing of transactions as described in this report.

In January 2023, we completed an "*Audit of the FLRA's Charge Card Program and Risk Assessment* (Report No. AR-23-04)" for FY 2022. We followed up on the one recommendation from the FY 2022 review: "Purchases with State and Local Taxes." This prior year recommendation is closed.

We identified no new findings during our FY 2023 review of the policies and procedures and testing of the charge card program and travel card program.

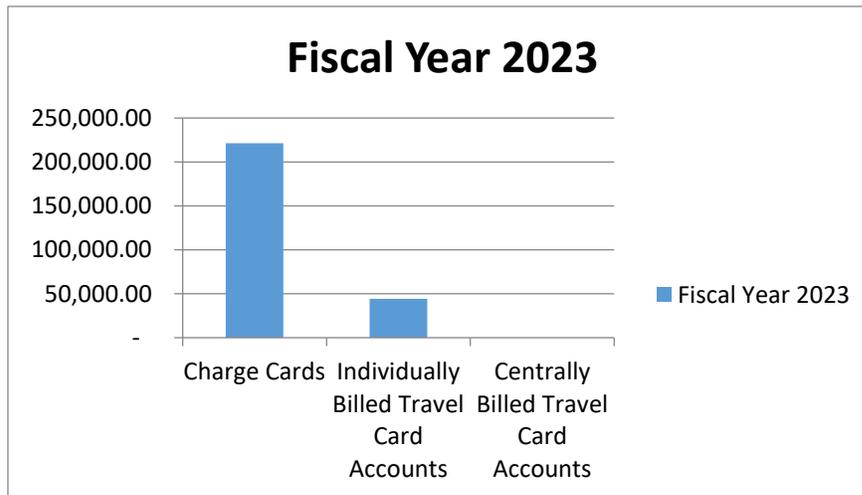
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Audit of the Federal Labor Relations Authority Charge Card Program and Risk Assessment  
(Report No. AR-24-04)

## Background

The FLRA conducts business using the Government charge cards each FY. As shown in Figure 1, in FY 2023, FLRA had about \$265,000 in charge and travel card transactions.

**Figure 1: FLRA Charge Card Expenditures for FY 2023**



Within FLRA, the Administrative Services Division (ASD) manages the Authority's Government purchase card program. This office is also responsible for ensuring that FLRA's purchase card program complies with Government Charge Card Abuse Prevention Act of 2012<sup>1</sup> (Charge Card Act) and applicable OMB requirements. Those requirements include OMB Circular No. A-123, Appendix B (Revised August 27, 2019), *Improving the Management of Government Charge Card Programs*.

The Charge Card Act requires the OIGs 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 agencies<sup>2</sup> to establish and maintain safeguards and internal controls for purchase cards, travel cards, integrated cards,<sup>3</sup> and centrally billed accounts consistent with existing OMB guidance.

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<sup>1</sup> See Public Law 112-194.

<sup>2</sup> The definition of "executive agency" for purposes of the Charge Card Act is found at 41 U.S.C. 133.

<sup>3</sup> The integrated card is a combination of two or more business lines on a single card (e.g., purchase and travel).

In our FY 2023 Risk Assessment, we determined the FLRA to be at a low-level risk based on a review of policies and procedures for FLRA's charge card program, discussions with ASD personnel and a review of the prior report.<sup>4</sup>

## **Audit Results**

We completed testing for the charge card and travel card programs and determined internal controls put in place for charge card program continue to operate effectively; however, we identified one finding in the prior year and made a recommendation to continue to improve the safeguards and internal controls in order to reduce the risks of purchases with state and local taxes. The current year status of our prior year finding, and recommendation is stated below.

### **Follow-Up on Prior Year Audit Finding**

In 2023, we issued an audit report on FLRA's purchase card program. In that report, *Audit of the Federal Labor Relations Authority's Charge Card Program and Risk Assessment* (January 20, 2023) (AR-23-04), we noted one finding:

### **Purchases with State and Local Taxes**

During our performance of audit tests related to purchase cardholders we noted the following:

- Of the 22 transactions reviewed during the charge card testing, 1 purchase cardholder paid state taxes for their online web services purchase. Generally, purchases made by the Federal Government are exempt from state and local taxes.

### **Prior Year Recommendation:**

1. GSA SmartPay states "A Card-Not-Present Transaction is a transaction conducted without a physical card. Examples include purchase by phone, fax, or online. When placing your order, make sure you identify the purchase as an OFFICIAL GOVERNMENT PURCHASE so that it will be exempt from federal taxes and, if applicable exempt from state/ local taxes." We recommend purchase card holders implement the GSA SmartPay terms and complete and submit GSA statements, when necessary, for online purchases.

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<sup>4</sup> AR-23-04, Audit of the Federal Labor Relations Authority's Charge Card Program and Risk Assessment

**Current Status:**

Dembo Jones found no reportable state or local taxes paid in the current year testing.

**Our recommendation is closed.**

Dembo Jones, P.C.

A handwritten signature in black ink that reads "Dembo Jones, P.C." in a cursive style.

North Bethesda, Maryland  
January 23, 2024

## **Appendix 1**

### **Objectives, Scope, and Methodology**

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The audit covered charge and travel card transactions for FY 2023. FLRA had 10 charge card holders, 17 travel approval officials, and 61 active travel card holders during the beginning of our audit work. Audit fieldwork took place in December 2023 and January 2024.

We conducted the 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.

Our procedures included reviewing the purchase card and travel card policies and procedures, conducting interview to understand the internal controls, processes, systems, and procedures used to manage the agency's charge card program, checking for the cardholder signature and approvals by appropriate officials, examining receipts, reviewing obligation documents and travel authorizations, 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, examining charge card closing process, and examining delinquency process.

During our FY 2023 financial statement audit, we had tested 8 of the active travel card holders' transactions. No significant issues were found during our testing of charge and travel cards during the FY 2023 financial statement audit. However, we expanded our testing as discussed below for this audit.

We obtained lists of all card holders for the charge card and travel programs. For the charge cards, we selected all 10 card holders and their Approving Official for transaction testing and requested their training certificates. For the travel cards, we requested 7 active travel card holders, of the 36 that not been tested in previous charge card audits, for their training certificates and 3 active travel card Approving Officials, of the 9 that not been tested in previous charge card audits, for their training certificates.

In addition to the 8 travel card holders' transactions tested during the financial statement audit, another 2 travel card holders were selected for additional travel card transaction testing to verify they were in accordance with the Federal Travel Regulations.

For charge card closing test, we obtained a list of employee separations that occurred throughout FY 2023. Then, we selected all 8 employees that separated in FY 2023. We requested the GSA SmartPay list of card holders as of September 30, 2023 and exit clearance checklists. No terminated employees were identified as having access to active travel cards.

We requested the GSA SmartPay Delinquency Report for FY 2023 to review and identify any charge cards over 30 days past due. None were identified.

## **Appendix 2**

### **Report Distribution**

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#### **Federal Labor Relations Authority**

Colleen Duffy Kiko, Member

Michael Jeffries, Executive Director

Pershette Wakefield, Director Administrative Services Division

### **Appendix 3**

#### **Acronyms and Abbreviations**

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ASD	Administrative Services Division
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
OIG	Office of Inspector General
OMB	Office of Management and Budget

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CALL: (771) 444-5712 FAX: (202) 208-4535  
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D.C. 20424

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