

UNITED STATES GOVERNMENT
NATIONAL LABOR RELATIONS BOARD
Office of the Inspector General

MEMORANDUM

DATE: February 8, 1991

TO Chairman James M. Stephens
General Counsel Jerry M. Hunter

FROM Inspector General Bernard Levine

SUBJECT: Final Audit Report - "Review of Controls Over Motor
Vehicles and Gasoline Credit Cards"
Audit Report No. OIG-AMR-10

Enclosed for each of you is a copy of the Office of Inspector General (OIG) Audit Report in the above referenced matter. Although the subject matter of the report originated on the General Counsel's side of the Agency, a copy is being provided to each of you should the Chairman receive inquiries concerning the report.

For the benefit of the Chairman, who has not participated to date in the process utilized in this effort, the following summarizes the procedure used. After conducting our field work, we issued a draft discussion report. Following receipt of comments on the draft discussion report, we issued a report soliciting formal comments. Having reviewed the formal comments and incorporated them into the report, we are now in a position to issue this final report.

In sum, the report contains the results of our audit of controls over motor vehicles and gasoline credit cards at the Headquarters location of the Agency. The objectives of this audit were to evaluate internal controls and Agency policy, review vehicle usage reports, and review gasoline credit card usage.

We found substantial improvement with respect to mileage accountability over the previous similar internal audit performed in 1985-1986, prior to the advent of the OIG. Additional improvements were noted beginning in June 1990 when the procedures for maintaining daily vehicle usage reports were changed. We made six recommendations in this Audit Report, all of which pertained to the need for additional internal controls and supervisory review.

In a February 7, 1991 memorandum, General Counsel Jerry M. Hunter advised that all six recommendations had been accepted and implemented. The full text of the General Counsel's formal comments is included as Appendix I.

At some appropriate time in the future, we may do a follow-up review to ascertain if the implementation of our recommendations has had the desired result.

We appreciate the cooperation extended to us during the conduct of this audit and look forward to continued cooperation in the conduct of other audits in the future so our joint efforts will result in a National Labor Relations Board free of waste, fraud and abuse.

Should you have any questions or comments concerning this report, please do not hesitate to call upon us.

A handwritten signature in cursive script, appearing to read "B.L.", positioned above the typed name.

B.L.

AUDIT
REPORT

Office of the Inspector General

REVIEW OF CONTROLS OVER MOTOR VEHICLES
AND GASOLINE CREDIT CARDS



National Labor Relations Board

AUDIT OIG-AMR-10

Issued: February 8, ~~1990~~
1991

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I EXECUTIVE DIGEST

The Office of Inspector General (OIG) conducted an audit of National Labor Relations Board (NLRB) controls over motor vehicles and gasoline credit cards at NLRB headquarters. Administrative controls, procedures, and practices were reviewed for various periods of time from 1985 to date. We found that improvements which enhanced management controls have been made since 1985. We are making six recommendations which should further improve controls over motor vehicles and gasoline credit cards.

This audit was added to the OIG Audit Plan for Fiscal Year 1990 primarily as the result of anonymous allegations of misuse of agency motor vehicles which were referred to the OIG during November and December, 1989. These allegations were primarily directed at the time frame of Fiscal Years 1985 and 1986. Results of this audit of specific allegations were inconclusive and we did not specifically identify misuse of these vehicles during this audit. However, a concurrent investigation disclosed an unauthorized use of a government vehicle for personal use. We were able to identify several gasoline purchases made for non-NLRB vehicles and referred this matter within the OIG for investigation. These purchases may have been proper if they were for authorized agency rental vehicles, but the referral for investigation was made to substantiate propriety, or identify unauthorized purchases.

Among the recommendations being made are that daily vehicle usage reports for the passenger vehicles be maintained by vehicle and in chronological sequence. We further recommend that these files be maintained within the Administrative Services Branch and additional supervisory review. The General Counsel concurred with both recommendations and advised that both have been implemented.

A recommendation is also made to revise the daily vehicle usage report to require odometer readings at the beginning and ending of each trip as well as daily. This should minimize the possibility of an unauthorized trip being intermingled with other trips and going undetected. The General Counsel advised that this recommendation has been implemented.

We found the NLRB van was supposed to be covered by the same procedures as the passenger vehicles, but was controlled by different daily usage reports and supervisory responsibility. A recommendation is being made to strengthen internal control procedures regarding the NLRB van. In response to this audit, the General Counsel advised that new controls have been established over the van and formally assigned it to the proper Branch.

The NLRB had developed procedures to adequately control gasoline purchases, but had not fully implemented these procedures. While drivers were required to purchase the cheapest, self-service unleaded gasoline, we found a variance of up to 75 cents per gallon and some purchases were at the full-service price. Several sales slips also did not include required information such as gallons purchased, vehicle number, or cost per gallon. Additional supervisory review is being recommended in order to ensure compliance with NLRB procedures. In response to this audit report, the General Counsel advised that all drivers have been directed to purchase only regular gasoline, using self-service pumps in the future. He also advised that prompt supervisory review is now required of gasoline purchases and relevant information is recorded on a newly-designed form.

A full text of the General Counsel's response to a draft copy of this report is included as Appendix I

II BACKGROUND

The NLRB currently leases three motor vehicles for use at Headquarters in Washington, D.C. These include a sedan and station wagon used as passenger vehicles and a van used for transporting larger items or when a passenger vehicle is impractical. Passenger vehicles are primarily for transporting the General Counsel, Board Members, and other officials within the metropolitan area on official business as well as transporting mail and supplies. The NLRB employs three personnel whose responsibilities include operating and maintaining these vehicles and completing a daily log sheet of activity. During the period January - June, 1990, the sedan and station wagon were driven 2,754 miles and 3,295 miles respectively, or approximately 500 miles each per month, mostly for transporting agency officials or accomplishing errands of short duration within the Washington, D.C. metropolitan area.

The van is used primarily for transporting small items including furniture, equipment, and boxes. It is driven approximately 200 miles per month. These trips are also mostly of short duration and within Washington, D.C. metropolitan area.

During November and December, 1989 the Office of the Inspector General received written anonymous allegations including a charge of misuse of agency motor vehicles. These allegations seemed to be directed primarily to the time frame of Fiscal Years 1985 and 1986. Auditors from another Government agency were detailed to this office to assist on certain reviews including an audit of motor vehicles. Gasoline purchases were also reviewed since consumption of gasoline is closely related to the use of vehicles. Those auditors did not include the NLRB van in their review because the allegations did not include any misuse of that vehicle. Results were inconclusive, but a number of internal control weaknesses were pointed out as a result of this review. These weaknesses include:

- 1 Vehicle logs without beginning and/or ending mileage
- 2 Ending mileage less than beginning mileage.
- 3 Missing mileage reports.

Weaknesses reported as a result of the review of gasoline purchases, including gasoline for the van, were:

- 1 Gasoline charges to vehicles other than the 5 different NLRB vehicles (service stations recorded 42 different tag numbers from 1985 through 1988 while these vehicles were assigned 8 tag numbers)
- 2 Incomplete charge slips with no tag number or not identifying whether the purchase was for gasoline or for something else.
3. Incomplete vendor files

In further reviewing this matter, we found that auditors in the Management and Audit Branch of the NLRB Division of Administration (a predecessor audit entity to the OIG) had issued an audit report entitled "Review of Agency Vehicle Usage" on May 9, 1986. That report had included recommendations for greater control and supervisory reviews of daily vehicle usage reports. These recommendations were never fully implemented.

It was noted that OMB Circular A-50 (Audit Follow-up) dated September 29, 1982 was in effect at that time. This circular requires agencies to appoint a top level audit follow-up official and prescribes many other procedures to ensure audit resolution and corrective action. Failure of the NLRB to implement these policies and procedures may have been a contributing factor to a continuing lack of necessary internal controls over motor vehicles and gasoline credit cards.

III OBJECTIVES, SCOPE, AND METHODOLOGY

This review was made of administrative controls over motor vehicles and gasoline credit card usage from 1985 to date. We limited the scope of this audit to vehicles and gasoline credit cards at NLRB Headquarters in Washington, D.C. Specific periods of time were selected for review in order to facilitate the audit. The review included:

- a) An evaluation of internal controls and agency policy.
- b) A review of daily vehicle usage reports
- c) A review of gasoline credit card usage.

Audit field work was performed during the period of June 18 through September 12, 1990. The audit was conducted in accordance with the Government Auditing Standards issued by The General Accounting Office (GAO) and included such audit procedures as we considered necessary.

IV AUDIT FINDINGS SYNOPSIS

This review disclosed that additional controls need to be established over the usage of NLRB vehicles and purchase of gasoline. Some improvements have been made since the issuance of the earlier audit report in 1986 entitled "Review of Agency Vehicle Usage."

We believe internal controls need to be improved over the maintenance of daily vehicle usage reports, which are maintained to control the usage of NLRB passenger vehicles. We were advised that the NLRB van is included in procedures prescribed for the other vehicles, but found daily usage reports and supervisory responsibility to be substantially different. While NLRB policies over gasoline purchases and controls over gasoline credit cards have improved, additional supervisory review to ensure compliance with current policy is necessary.

V FINDINGS AND RECOMMENDATIONS

A. Review of Daily Vehicle Usage Reports

The NLRB records vehicle usage for the station wagon and sedan through a "Daily Vehicle Usage/Inspection Report" (Form NLRB 4036). This report includes date, vehicle identification, operator, beginning odometer reading, and ending odometer reading. In addition, departure and arrival times, locations, and purpose are to be detailed for each trip. The reverse of Form 4036 is an inspection checklist to be completed in case of damage or other physical problems with the vehicle. A separate informal report called "Chauffeur's Daily Report" is used for the van. All of these reports are currently maintained in the Administrative Services Branch.

A review of the 1986 audit report disclosed that the most serious deficiency was vehicle mileage that could not be accounted for by daily usage logs. Daily usage logs disclosed 21 instances in 1985 where 20 or more miles were unaccounted for. Some of these discrepancies may have been the result of daily reports either not prepared or lost, but could indicate unauthorized usage of a NLRB vehicle. Greater control and supervisory reviews of daily vehicle usage reports were recommended by the auditors at that time.

During this audit, daily vehicle usage reports were requested for the period January through June, 1990 in order to determine whether conditions found in the 1986 audit report are still a problem. These reports were provided for the sedan and station wagon, and the informal chauffeur's daily reports were provided from April, 1990 to date for the van.

We found a substantial improvement with regard to accountability for mileage from conditions reported in the previous audit. There were only 2 instances of 20 or more unaccounted-for miles during the 6-month period January - June, 1990; compared to 21 instances found during 12 months of calendar year 1985. Both of the 2 instances would indicate a strong possibility of missing daily usage reports rather than unauthorized usage of the vehicles. We reach this conclusion because the gap occurred during weekdays when we would have expected vehicle usage.

In reviewing this further, we found 21 omissions or errors on daily vehicle usage reports. These problems are as follows:

<u>Type</u>	<u>Total Miles Involved</u>	<u>Number of Instances</u>	<u>Condition</u>
Error *	22	5	Beginning mileage exceeded previous day's ending mileage
Error	24	3	Beginning mileage less than previous day's ending mileage
Omission *	118	4	Missing daily report(s) resulting in 20 or more miles of unaccountable usage
Omission *	55	4	Missing daily report(s) resulting in less than 20 miles of unaccountable usage
Omission	N/A	6	No ending mileage on daily usage report
Omission	N/A	1	Operator not identified on daily usage report
Total errors or omissions		<u>21</u>	

* Could also indicate improper usage.

We noted that daily vehicle usage reports from the sedan and station wagon were generally comingled and stapled in batches of one or two weeks' usage each. Good business practice would be to maintain a separate log book for each vehicle and maintain records in chronological sequence. The Chief, Administrative Services Branch (ASB), advised us that beginning about 3 years ago, the Director of Administration requested his office to send all daily vehicle usage reports to a program analyst in the Director's office. Daily reports were compiled and sent to the Division of Administration. The ASB Chief was not aware of any reason why this procedure was requested or of the analysis done by the Division of Administration. He advised that on June 1, 1990, he discontinued this procedure and now maintains the daily vehicle usage reports in his Branch.

We noted that only one of the 21 errors or omissions occurred during June, 1990 and that the other 20 occurred during the previous 5 months. Maintenance of records within the Administrative Services Branch rather than the Office of the Director, Division of Administration, may have contributed to this improvement. Reports are still being maintained loose and not in a bound log book or necessarily in chronological order. We were advised that the Chief, Mail and Transportation Section reviews these reports but does not sign or initial the reports to indicate the review was made.

We believe that maintaining these records by vehicle in chronological sequence is essential to maintaining effective control over vehicle usage. This would facilitate reviews by the supervisor, auditors, or other authorized personnel. Use of a bound ledger would provide an additional control. Further, the supervisory review process could be strengthened if the supervisor would sign or initial the daily usage report. We agree with the current procedure of maintaining records within the Administrative Services Branch. These records are made available for audit or management review upon request.

1 Recommendation 1 of 6

Daily vehicle usage reports for the passenger vehicles should be maintained by vehicle and in chronological sequence, preferably in a bound ledger. Reports should be maintained within the Administrative Services Branch.

Management Response

The General Counsel advised that the Division of Administration has implemented this recommendation and the Vehicle Usage Reports are now maintained in two loose leaf binders in the mail room.

2 Recommendation 2 of 6

A supervisor within the Administrative Services Branch should review daily vehicle usage reports on at least a weekly basis for completeness and accuracy and either sign or initial the report.

Management Response

The General Counsel advised that the Division of Administration has implemented this recommendation and that the mailroom supervisor reviews and initials each Usage Report on a daily basis (more frequently than the recommended weekly basis).

B. Need to Revise the Daily Vehicle Usage Report

The daily vehicle usage report includes date, vehicle identification, operator, beginning odometer reading, and ending odometer reading. In addition, departure and arrival times, locations, and purposes are to be detailed for each trip. Odometer readings are not recorded by trip but rather by day. Supervisory review should detect any major variance in the amount of mileage necessary for the trips outlined on the daily report and the amount of miles actually driven that day. However, a small variance would most likely be unnoticed even with effective and timely supervisory review.

For the period January 1 to June 30, 1990, we reviewed several daily vehicle usage reports to determine whether any appeared to have unreasonable mileage. Vehicles were used almost every weekday and daily mileage was generally in the range of 3 to 40 miles per vehicle unless a trip or trips were made to airports, outlying suburban areas, or to Baltimore. On the few occasions where the longer trips were taken, the mileage seemed to be commensurate with the destination listed on the daily report. However, there were instances when the ending mileage on one day was not the same as the beginning mileage for the same vehicle on the next day. No satisfactory reason for these discrepancies was discovered.

While this audit procedure did not disclose any major deficiencies, it would be difficult to detect small variances and a brief unrecorded trip or trips could easily go undetected. Likewise, a control needs to be established (both for supervisory review and to facilitate future audits) to monitor variances between ending and beginning odometer readings. One of the effective ways to minimize the possibility of undetected unauthorized usage would be to require odometer readings at the beginning and end of each trip. It is unlikely that an unauthorized user who drove the vehicle after the last authorized trip of a day would complete a daily vehicle usage report showing a new ending odometer reading.

1 Recommendation 3 of 6

The Daily Vehicle Usage/Inspection Report (Form NLRB 4036) should be revised to provide for odometer readings at the beginning and ending of each trip.

Management Response

In response to this recommendation, the General Counsel advised that the Daily Vehicle Usage Report has been revised to include mileage entries for every trip.

C Review of Chauffeur's Daily Report

With regard to the van, we found that informal sheets, entitled "Chauffeur's Daily Report" were maintained from April 3, 1990 to date. Records covering January through March, 1990 were not available and may have been lost. We noted that the van is assigned to the Administrative Services Branch but seems to be used exclusively by personnel from the Procurement and Facilities Branch. The daily reports frequently did not include the purpose of the trip or indicated an ambiguous purpose such as "drop off" or "pick up." Several trips from NLRB to other locations listed the purpose as "return."

We believe that internal controls might be improved if responsibility for the van were reassigned to the Procurement and Facilities Branch, since they appear to be the exclusive user of this vehicle. It is uncertain whether a supervisory review is currently being made regarding use of the van. Consideration should also be given to implementing use of the "Daily Vehicle Usage/Inspection Report" (Form NLRB 4036), and implementing other controls similar to those for the other two NLRB vehicles

1. Recommendation 4 of 6

Internal control procedures, including organizational assignment, daily reports, and supervisory review need to be strengthened for the NLRB van.

Management Response

The General Counsel advised that responsibility for the internal controls covering the use of the van are now formally assigned to the Procurement and Facilities Branch, which is the sole user, and new controls have been established.

D. Review of Gasoline Purchases

The review of gasoline purchases was made as a result of allegations to the OIG of misuse of passenger vehicles. This review disclosed weaknesses in internal controls. We found that gasoline had been purchased for 42 different vehicle tag numbers during the period October, 1984 through April, 1990. During this time, the NLRB had 8 official vehicle tag numbers. Also, several gasoline purchases were made where no tag number was included on the sales slip, so additional vehicles may have been provided gasoline through the use of an NLRB credit card. In fairness to current personnel, we noted that virtually all gasoline purchases during FY 1989 and FY 1990 (to date), according to tag numbers on sales slips, had been purchased for the three official NLRB vehicles. The only exception was a purchase of about \$15 00 which occurred in December, 1988.

In the past, both the Administrative Services Branch and Procurement and Facilities Branch have maintained gasoline credit cards. This included both government gasoline credit cards (SF 149) and those issued by specific vendors. These credit cards were issued to drivers along with the NLRB vehicle that they were assigned to drive. Also, certain NLRB officials, such as the General Counsel and Director, Division of Administration were provided credit cards.

The Chief, Administrative Services Branch and Chief, Procurement and Facilities Branch advised that they have returned or are returning gasoline credit cards they consider to be nonessential. They plan to maintain only five government gasoline credit cards. One will be issued with each vehicle (accounting for three cards); a spare will be kept by the Chief, Administrative Services Branch; and the General Counsel will also be issued a gasoline credit card.

A listing of vehicle tag numbers used for the gasoline purchases for unidentified vehicles has been referred for investigation. Many of these purchases were probably for legitimate reasons, such as purchase of gasoline for a rental car or a loaner car while an NLRB vehicle was being repaired. Even if all were for official Government business, we believe internal controls are inadequate to prevent misuse. One transaction which we were able to trace did not disclose misuse but is indicative of poor internal controls. The facts are:

- (1) Exxon credit card ordered by and assigned to Procurement and Facilities Branch.
- (2) Credit card checked out to an employee of the Division of Operations-Management on 12-7-88
- (3) Gasoline purchase of \$15.15 made in Arizona by an NLRB Regional Director on 12-16-88.
- (4) Exxon invoice approved by a supervisor in the Administrative Services Branch on 2-13-89

When asked for their policy regarding control over gasoline purchases, the Administrative Services Branch supplied us with an internal memorandum issued to the personnel who service the vehicles which stated the following:

"Credit Card is to be used only for the purchase of items listed on it. The cheapest self service, unleaded gasoline is to be purchased. Before accepting any services make sure that the station accepts the U.S. Government Standard Form 149 (credit card). The number of gallons and tenths, price per gallon, vehicle tag number and mileage must be filled in, written and imprinted totals should correspond before you sign for services."

During our review, we found that prices paid for gasoline fluctuated between \$1.11⁹ and \$1.76⁹ during the first 6 months of FY 1990. We believe that this fluctuation is unusually large and that paying \$1.76⁹ several times during

that period did not constitute a reasonable effort to follow the Branch's own policy of purchasing the cheapest self service, unleaded gasoline. Based on the purchase of about 1,000 gallons of gasoline annually, cost savings by purchasing the cheapest rather than the most expensive could be about \$650

Odometer readings were not filled in on any of the sales slips we reviewed. Some sales slips did not include gallons purchased, vehicle number, or cost per gallon. One \$41.75 purchase in October, 1989, and a \$24.00 purchase in March, 1990 did not state any details regarding the purchases or even whether the purchase was for gasoline. These omissions also violate the Branch's own policy regarding controls over gasoline credit card usage.

1 Recommendation 5 of 6

Employees authorized to purchase gasoline for NLRB vehicles, should be instructed to comply with the Administrative Services Branch requirement to purchase the cheapest, self-service gasoline available to them.

Management Response

In response to this recommendation, the General Counsel advised that drivers have been directed to purchase only regular gas, using self-service pumps. One driver acknowledged that, contrary to established internal policy, he had used full-service, high test gasoline.

2 Recommendation 6 of 6

A supervisory review should be made of gasoline sales slips at least weekly to ensure information such as gallons of gasoline, price per gallon, vehicle number and mileage is completed as required by Administrative Services Branch policy.

Management Response

The General Counsel advised us that the Division of Administration has implemented this recommendation and that supervisory reviews are made of each gasoline sales slip as soon as practicable after it is submitted, generally within one day of purchase. Additionally, the supervisor now records on a new form for each vehicle, the data required to be captured on each sales slip. This further control was initiated by the Administrative Services Branch to assure that all required information is readily visible and can be analyzed to determine the appropriateness of the amounts of gasoline purchased.

APPENDIX I



UNITED STATES GOVERNMENT
National Labor Relations Board

Memorandum

TO Bernard Levine
Inspector General

DATE: February 7, 1991

FROM Jerry M. Hunter
General Counsel

SUBJECT Inspector General Draft Audit Report: "Review of Controls Over
Motor Vehicles and Gasoline Credit Cards"

I have reviewed the subject audit report with Gloria Joseph, who has conveyed to me the substance of her discussions with you and the Division of Administration officials responsible for the audited activity.

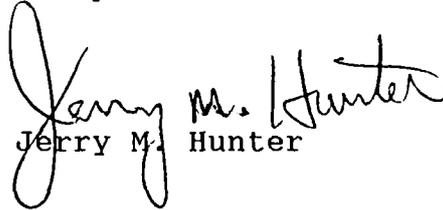
I have been assured that all of the six recommendations have already been implemented as follows:

- o The Vehicle Usage Reports are now maintained in two loose leaf binders in the mail room;
- o the mailroom supervisor reviews and initials each Usage Report on a daily basis (more frequently than the recommended weekly basis);
- o responsibility for the internal controls covering the use of the van are now formally assigned to the Procurement and Facilities Branch, which is the sole user, and new controls have been established;
- o drivers have been directed to purchase only regular gas, using self-service pumps (one driver acknowledged that, contrary to established internal policy, he had used full-service, high test gasoline);
- o supervisory reviews are made of each gasoline sales slip as soon as practicable after it is submitted, generally within one day of purchase. Additionally, the supervisor now records on a new form for each vehicle, the data required to be captured on each slip. This is a further control, initiated by the Administrative Services Branch to assure that all required information is readily visible and can be analyzed to determine the appropriateness of the amounts of gasoline purchased; and
- o the Daily Vehicle Usage report has been revised to include mileage entries for every trip.



Bernard Levine
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I am gratified that, overall, with respect to mileage accountability, the auditor was able to find "substantial improvement" over the previous audit of 1985-86; also, that in June 1990, when daily usage reports ceased being forwarded to the Office of the Director, only one error or omission was noted. I am confident that with the implementation of the audit recommendations, our controls will prove to be even more effective in the future.


Jerry M. Hunter