

## SUMMARY

The Office of the Auditor General has conducted a special review of purchasing card (P-card) charges by staff within the Navajo Nation Division of Economic Development (DED). This special review was requested by the DED Executive Director in light of allegations that a former employee within the Real Estate Department (RED) misused her assigned P-card and as such, depleted the program's operating budget. This allegation further raised concerns about the overall use of P-cards assigned to DED staff. Therefore, the Executive Director requested for a review of P-card activities throughout DED.

### **FINDING I: P-card charges totaling \$156,500 attributable to the former Real Estate Department Accountant is Questionable**

Between June 2008 and July 2010, the former RED accountant incurred P-card operating and travel expenses totaling approximately \$156,500. This amount represents about 60% of the overall DED P-card operating expenses that were reviewed. The amount also indicates excessive use of the P-card by the former accountant. The former RED accountant described her P-card charges for computers, operating/office supplies, cellular phones, electronics, food/meals, travel and other miscellaneous items. However, there was no documentation found on file to support her P-card charges. Accordingly, our review found \$156,500 (or 100%) of the P-card charges made by the former RED accountant is questionable.

To identify the actual purchases, records were obtained directly from merchants which revealed that the former accountant purchased items that were unrelated to the purpose and objectives of the Real Estate Department. Rather, the former accountant purchased personal items such as the following:

- Designer handbags
- Cameras
- Jewelry
- Groceries
- Perfume/cosmetics
- Pendleton bags/blankets
- Rodeo tickets
- iPhone; iPod; iMac
- Men's hat/tie/coat
- Saddle blanket
- Entertainment center
- CDs, DVDs, Video Games
- Pet food/supplies
- Leather coat
- Fire pit
- Appliances
- Torch kit
- Circular saw
- Ceiling fans
- Baby items

### **FINDING II: P-card Purchases by DED Staff Lack Proper Accountability**

DED employees were assigned P-cards to facilitate more efficiency in the procurement of goods/services and travel activities while conducting Navajo Nation business. However, the P-cardholders are still compelled to adhere to applicable Navajo Nation policies, procedures, rules, and regulations to ensure proper accountability of Navajo Nation funds. A review of the P-card activities of selected DED employees found lack of compliance with procurement rules and regulations as well as travel policies and procedures. Further, DED P-cardholders do not effectively perform their duties as cardholders, reconcilers and approvers and do not submit the required supporting documents of their P-card activities to the Navajo Nation P-card Section in a timely fashion. Consequently, P-card purchases by DED staff lack proper accountability.

In addition to the findings summarized above, the audit report contains recommendations for improving controls over P-card usage.