

SUMMARY

The Office of the Auditor General (OAG) has conducted a special review of P-card (purchasing cards) activities within the Navajo Division of Transportation (NDOT). The use of P-cards by NDOT staff was identified as a high risk area during the performance audit of NDOT. Due to the volume of P-card activities within NDOT, OAG commenced with a special review that focused specifically on the P-card charges by 17 selected NDOT staff members that collectively charged \$479,500 of the \$1,972,789 total NDOT P-card charges for the 57-month period beginning October 2007 through June 2012.

FINDING I: Navajo Nation Policies and Procedures were Disregarded

The P-cards were assigned to staff 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 policies, procedures, rules, and regulations to ensure proper accountability of Navajo Nation funds. A review of the P-card activities of selected NDOT employees found lack of compliance with procurement rules and regulations as well as travel policies and procedures.

- Non-compliance with Navajo Nation procurement policies and procedures.
- Non-compliance with Navajo Nation travel policies and procedures.
- Travel expenses lacked itemized receipts.
- Pattern of exceeding travel per diem limits.
- No travel authorizations to justify P-card travel expenses.
- P-card charges were erroneously posted in the Wells Fargo and FMIS systems.
- Local meal charges are contrary to travel policies.

FINDING II: Lack of Adequate Controls over P-card Activities

To determine the accountability of NDOT P-card activities, we evaluated the control environment within NDOT in terms of how P-cards are managed. Our evaluation found key controls were lacking and card restrictions were disregarded. Also, purchases were contrary to fund restrictions and NDOT management did not insist on proper justification for such purchases. Further, the cardholders, reconcilers and approvers not effectively performing their assigned duties and responsibilities resulted in poor controls over P-cards.

- No internal policies and procedures to ensure accountability of P-card activities.
- No P-card training on a regular and consistent basis.
- P-card charges posted to the Road Fund are questionable.
- P-card purchases for gifts and large quantities of promotional items are questionable.
- Cardholders, reconcilers and approvers are not fulfilling their responsibilities.

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