

## **OFFICE OF THE AUDITOR GENERAL**

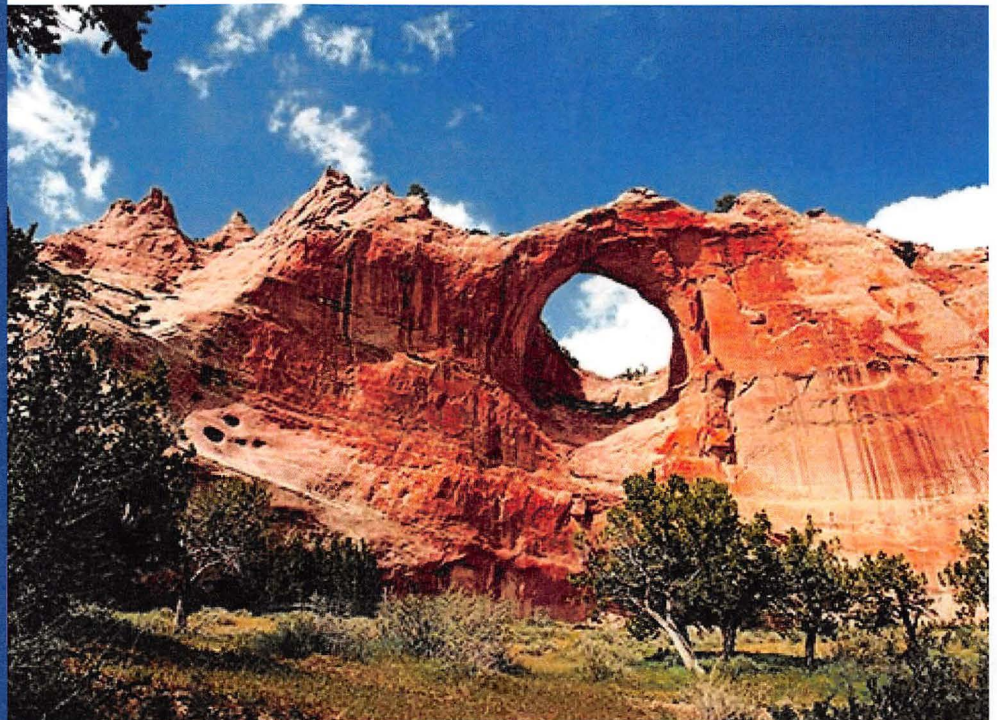
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**The Navajo Nation**

**A Follow-up Review  
of the  
Division of Public Safety  
P-card Purchases  
Corrective Action Plan Implementation**

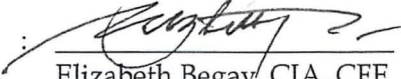
**Report No. 18-21  
April 2018**

**Performed by:  
Alfreda Lee, Senior Auditor  
Helen Brown, Principal Auditor**



## M-E-M-O-R-A-N-D-U-M

**TO** : Jesse Delmar, Executive Director  
**DIVISION OF PUBLIC SAFETY**

**FROM** :   
Elizabeth Begay, CIA, CFE  
Auditor General  
**OFFICE OF THE AUDITOR GENERAL**

**DATE** : April 5, 2018

**SUBJECT** : Audit Report No. 18-21, A Follow-up Review of the Division of Public Safety  
P-card Purchases Corrective Action Plan Implementation

### BACKGROUND

In 2014, the Office of the Auditor General performed a special review of the Division of Public Safety P-card purchases. This follow-up report provides information on the Division's progress in addressing the prior audit findings.

### OBJECTIVE AND SCOPE

The objective of this follow-up review is to determine whether the Division of Public Safety fully implemented its corrective action plan based on a six-month review period of October 1, 2016 to March 31, 2017. Our methodology included inquiries, review of records and audit test work.

### SUMMARY

The Division of Public Safety did not fully implement the four corrective measures intended to address the audit findings. See Exhibit A for the follow-up review results.

### CONCLUSION

Based on the review results, the Office of the Auditor General recommends that sanctions be imposed on the Division and its director pursuant to 12 N.N.C. Sections (b) and (c). Once the Division of Public Safety fully implements its corrective action plan, all withheld funds will be released to the Division and the director.

In conclusion, we wish to thank the Division of Public Safety for assisting in this follow-up review.

xc: Clara Pratte, Chief of Staff  
**OFFICE OF THE PRESIDENT/VICE-PRESIDENT**  
Chrono

**REVIEW RESULTS**  
**Division of Public Safety Corrective Action Plan Implementation**  
**Review Period: October 01, 2016 to March 31, 2017**

<b>Audit Issues</b>	<b>Total of Corrective Measures</b>	<b># of Corrective Measures Implemented</b>	<b># of Corrective Measures Not Implemented</b>	<b>Audit Issue Resolved?</b>	<b>Review Details</b>
1. Operating charges were inconsistent with procurement rules and regulations.	2	0	2	No	Attachment A
2. Travel charges were contrary to travel policies and procedures.	2	0	2	No	
<b>TOTAL:</b>	<b>4</b>	<b>0</b>	<b>4</b>	<b>0-Yes 2-No</b>	

WE DEEM CORRECTIVE MEASURES: **Implemented** where the department provided sufficient and appropriate evidence to support all elements of the implementation; and **Not Implemented** where evidence did not support meaningful movement towards implementation, and/or where no evidence was provided.

<p>◆ 2018 STATUS</p>	<p><b>Issue 1: Operating charges were inconsistent with procurement rules and regulations. NOT RESOLVED</b></p>
<p>The Division of Public Safety cardholders did not comply with the Navajo Nation Procurement rules and regulations when procuring goods with their assigned p-cards. We examined 50 of 129 operating p-card transactions totaling \$60,628 for the audit period and excluding the reoccurring expenses, quotes were required for 40 operating charges. 29 of the 40 (73%) operating charges totaling \$24,408 did not have the required number of quotes. Of the 29 charges, 86% were for charges totaling greater than \$500 with the highest purchase amount of \$4,413. This is an indication that the Division of Public Safety does not procure goods/services competitively and therefore, there is no assurance that the most economical prices were obtained using Navajo Nation funds.</p> <p>The Division of Public Safety also did not comply with the Navajo Nation P-card Policy. For the 50 operating p-card transactions, 32 (64%) totaling \$22,494 had a posted description in the Wells Fargo system that was inconsistent with the invoice description and 15 (30%) charges totaling \$15,011 were posted to general ledger codes in the Wells Fargo system that differed from the approved codes on the purchase requisitions. These deficiencies are an indication that Division of Public Safety cardholders, reconcilers and approvers are not properly reviewing p-card charges. The inconsistencies pose a risk that cardholders can conceal disallowed or personal charges.</p> <p>Lastly, although the Division of Public Safety had 191 p-cardholders for the audit period, there was no evidence provided to show these cardholders received training on procurement rules and regulations and p-card policies during the audit period.</p>	
<p>◆ 2018 STATUS</p>	<p><b>Issue 2: Travel charges were contrary to travel policies and procedures. NOT RESOLVED</b></p>
<p>The Division of Public Safety cardholders did not comply with the Navajo Nation Travel policies and procedures. We examined 48 of 105 travel authorizations totaling \$29,368 in which p-cards were used by travelers during the audit period. Of the 48 travel authorizations, 33 (69%) totaling \$3,017 had p-card charges that were made contrary to travel policies and procedures. We noted the following types of discrepancies:</p> <ul style="list-style-type: none"> <li>• travel authorizations were not approved prior to the business trips</li> <li>• travel expenses lacked proper support documentation (i.e., itemized receipts, trip reports, mileage logs, etc.)</li> <li>• cardholders were purchasing two meals on a single charge which indicates that travelers were paying for other travelers' meals</li> <li>• lodging expenses per day exceeded the authorized daily per diem limit</li> </ul> <p>We also examined 24 of 56 Wells Fargo Commercial Cardholders Expense Reports and found, for all 24 reports that the Division of Public Safety reconcilers and approvers did not sign as evidence that they reviewed the expense reports, and they were consistently late in submitting the reports to the Office of the Controller P-card Section contrary to P-card Policy. Lastly, there was no evidence of training on travel policies and procedures provided to the 191 cardholders.</p> <p>These deficiencies found with p-card use continue to pose a risk for unnecessary and questionable travel expenses by the Division of Public Safety cardholders.</p>	