

OFFICE OF THE AUDITOR GENERAL

The Navajo Nation

**A Follow-up Review
of the
Navajo Occupational Safety and
Health Administration P-card Activities
Corrective Action Plan Implementation**

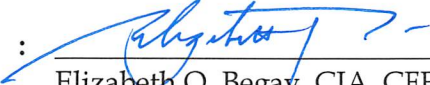
**Report No. 18-02
October 2017**

Performed by:
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M-E-M-O-R-A-N-D-U-M

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FROM : 
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Auditor General
OFFICE OF THE AUDITOR GENERAL

DATE : October 16, 2017

SUBJECT : A Follow-up Review of the Navajo Occupational Safety & Health Administration
P-card Activities Corrective Action Implementation

The Office of the Auditor General herewith transmits Audit Report no. 18-02, A Follow-up Review of the Navajo Occupational Safety & Health Administration P-card Activities Corrective Action Implementation. The follow-up was conducted to determine the status of the corrective action plan, which was developed by the Navajo Occupational Safety & Health Administration (NOSHA) in response to the 2011 Special Investigation of P-card Purchases by NOSHA staff. The 2011 report and the corrective action plan were approved by the Budget and Finance Committee on July 26, 2011 per resolution BFJY-19-11.

Follow-Up Results

The corrective action plan had nine key corrective measures to address the prior audit issues. Of the nine corrective measures, the Navajo Occupational Safety & Health Administration implemented six (or 67%) corrective measures, leaving three (or 33%) not fully implemented. The follow-up results are summarized in the body of the report.

Conclusion

The Navajo Occupational Safety and Health Administration has reasonably addressed the audit findings from the 2011 special investigation of P-card purchases. Therefore, the Office of the Auditor General does not recommend sanctions on the Navajo Occupational Safety and Health Administration in accordance with 12 N.N.C. Section 9.

xc: Lavonne Tsosie, Executive Director
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Tables of Contents

	<u>Page</u>
INTRODUCTION AND BACKGROUND.....	1
PROGRAM PURPOSE AND ORGANIZATION.....	1
OBJECTIVE, SCOPE AND METHODOLOGY.....	1
REVIEW RESULTS: Prior Findings, Corrective Actions and Current Status.....	3

INTRODUCTION AND BACKGROUND

The Office of the Auditor General performed a follow-up review to determine the current status of the Navajo Occupational Safety and Health Administration (NOSHA) corrective action plan.

The Office of the Auditor General conducted a special investigation of NOSHA and issued audit report no. 11-19 in February 2011. The special investigation resulted in three significant findings with related recommendations. The audit report and the corrective action plan developed by the NOSHA was approved by the Budget and Finance Committee on July 26, 2011 per resolution no. BFJY-19-11.

PROGRAM PURPOSE AND ORGANIZATION

NOSHA is a program within the Division of Human Resources and is currently staffed with three employees: a Senior Program Project Specialist and two Safety Technicians. NOSHA was established in 1991 and its plan of operation was amended in 2003. NOSHA's purpose is to monitor and enforce compliance with Navajo occupational safety and health standards; conduct field studies to identify hazards and make recommendations; coordinate with other agencies to improve the administration and enforcement of standards; conduct educational programs for employers/employees; and respond to and investigate reported workplace hazards.

NOSHA receives its funding from Navajo Nation general fund appropriations, indirect cost allocations, and internally generated revenues from citation and training fees. A fund management plan was established in 2004 to properly account for generated revenues.

OBJECTIVE, SCOPE AND METHODOLOGY

In accordance with 12 N.N.C., Section 7, the following objective was established for the follow-up review:

- Determine whether NOSHA implemented its corrective action plan.

The follow-up review primarily focused on whether the approved corrective action plan was implemented. If other significant issues were noted during the review, such issues were further evaluated for materiality and risk to determine whether the issues warranted presentation in this report. Any issues of materiality and risk could have an adverse effect on program operations and hinder the achievement of program goals and objectives.

The scope for this follow-up review was for the six-month period beginning October 1, 2016 through March 31, 2017. The audit sampling was done using both random and judgmental sampling methods.

To meet the audit objectives, we performed the following procedures:

- Reviewed Navajo Nation policies and procedures regarding P-card usage, procurement, and travel.
- Reviewed applicable reports generated by the Financial Management Information System and the Wells Fargo Commercial Card Expense Reporting (CCER) system.
- Compiled applicable P-card data.
- Analyzed applicable data using data analysis software.
- Selected all 20 P-card transactions for operating expenses to test for cardholder compliance with procurement rules and regulations.
- Randomly selected a sample of 20 Travel Authorizations with 95 P-card transactions to test for cardholder compliance with travel policies and procedures.
- Judgmentally selected a sample of equipment purchases to verify property identification tags and physical location of the items.
- Reviewed applicable records provided by NOSHA and the Office of the Controller/P-card Section.
- Interviewed staff from NOSHA and Office of the Controller/P-card Section.

The Office of the Auditor General expresses their appreciation to the NOSHA staff and all other entities who contributed to this audit for their cooperation and assistance.

REVIEW RESULTS
PRIOR FINDINGS, CORRECTIVE ACTIONS AND CURRENT STATUS
Six-month Review Period: October 01, 2016 to March 31, 2017

Corrective Actions	Current Status of Corrective Actions
Finding I: \$97,093 in operating expenses incurred with P-Card is questionable	
1. NOSHA will take training on Navajo Nation Procurement rules and regulations.	Implemented.
2. NOSHA will strictly adhere to the Navajo Nation purchasing and procurement policies and procedures.	Not implemented. All 20 operating P-card transactions were examined and they revealed NOSHA is inconsistent in complying with procurement policies and procedures. Of the 20 operating transactions: a) 12 (or 60%) lacked prior approval because the purchase requisitions were dated after the actual purchase (i.e., credit card charge) was made. b) 17 (or 85%) were purchases made in the absence of quotations.
3. NOSHA will limit purchases to qualified safety/specialty vendors.	Implemented.
4. Notification will be made to Navajo Property Management for all NOSHA property tagging.	Implemented.
5. NOSHA staff will attend training on Navajo Nation Ethics in Government Law.	Implemented.
6. NOSHA will ensure that employees will only use purchase cards assigned to them.	Implemented.
Finding II: Approximately \$5,200 of travel expenses charged to P-cards are also questionable.	
7. NOSHA will comply with all current Navajo Nation travel policies for travel purchases.	Not implemented. 20 travel authorizations that involved travel P-card transactions were examined and they revealed NOSHA is inconsistent in complying with travel and P-card policies and procedures. Of the 20 travel authorizations, 10 (or 50%) had the following travel-related discrepancies: a) No itemized receipts to support meal charges.

	<ul style="list-style-type: none"> b) Travelers exceeded the per diem limits for lodging expenses. c) Travel authorizations lacked required approval.
8. NOSHA will not utilize Travel P-cards within a 35 mile radius of the worksite in accordance with the travel policies and procedures.	Implemented.
Finding III: NOSHA staff circumvented P-card operating procedures.	
9. NOSHA will schedule and complete component purchase card training on CCER operations for both reconciler and approver positions, and to monitor P-card charges using system reports.	<p>Not implemented. For the review period, NOSHA had two P-cardholders and both were each other's respective reconciler of P-card charges. The Senior Program Project Specialist was their approver. A review of all 10 monthly reconciliation packets revealed the following:</p> <ul style="list-style-type: none"> a) All packets did not have signatures of either the cardholder, reconciler or approver. b) All packets were submitted late to the Office of the Controller/P-card Section. c) 7 of the 10 packets included charges that were not properly justified with written justifications. <p>These discrepancies are an indication that P-card training has not been obtained by NOSHA.</p>