

**OFFICE OF THE AUDITOR GENERAL**

**The Navajo Nation**

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

**Report No. 19-29  
August 2019**


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

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

**FROM** :   
Helen Brown, Principal Auditor  
Delegated Auditor General  
**OFFICE OF THE AUDITOR GENERAL**

**DATE** : August 12, 2019

**SUBJECT** : Audit Report No. 19-29, A 2nd 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 and issued audit report no. 14-18. A corrective action plan (CAP) was approved by the Budget and Finance Committee (BFC) on December 23, 2014.

In 2018, the Office of the Auditor General conducted a follow-up review on the Division of Public Safety CAP implementation and issued report no. 18-21 which recommended sanctions be imposed on the Division and its Director for failure to implement the CAP. The BFC sanctioned the Division Director's salary and operating budget on July 10, 2018. In May 2019, the Division Director requested a revisit of their CAP implementation and accordingly, this report provides the Division's progress in addressing the prior audit findings.

OBJECTIVE AND SCOPE

The objective of this 2<sup>nd</sup> 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 December 1, 2018 to May 31, 2019. Our methodology included inquiries, review of records and audit test work.

SUMMARY

Of the four (4) outstanding corrective measures, the Division of Public Safety implemented two (50%) corrective measures but two (50%) were not fully implemented.

CONCLUSION

Based on the review results and the risks that remain as a result of the non-implementation, the Office of the Auditor General finds the sanctions shall remain 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: Paulson Chaco, Chief of Staff  
**OFFICE OF THE PRESIDENT/VICE-PRESIDENT**  
Chrono

**REVIEW RESULTS**  
**Division of Public Safety Corrective Action Plan Implementation**  
**Review Period: December 01, 2018 to May 31, 2019**

<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	1	1	<b>No</b>	Attachment A
2. Travel charges were contrary to travel policies and procedures.	2	1	1	<b>No</b>	
<b>TOTAL:</b>	<b>4</b>	<b>2</b>	<b>2</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.

◆ 2019 STATUS	<b>Issue 1: Operating charges were inconsistent with procurement rules and regulations. NOT RESOLVED</b>
<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 30 of 204 operating p-card transactions (excluding transactions for reoccurring expenses) totaling \$12,436 for the audit period. Quotes were required for 30 operating charges and of this number, 23 (77%) charges totaling \$9,828 did not have the required number of quotes. Also, five of these charges were greater than \$500 with the highest purchase amount of \$1,887. 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 30 operating p-card transactions, three (10%) charges totaling \$376 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 the Division of Public Safety cardholders, reconcilers and approvers are not properly reviewing p-card documentation. The inconsistencies pose a risk that cardholders can conceal disallowed charges.</p> <p>Lastly, the Division of Public Safety has 234 cardholders and of this number, 189 (81%) cardholders received training on procurement rules and regulations and p-card policies during the audit period. The remaining 45 cardholders are new and existing employees, who are anticipated to receive training by the end of the fiscal year.</p>	
◆ 2019 STATUS	<b>Issue 2: Travel charges were contrary to travel policies and procedures. NOT RESOLVED</b>
<p>The Division of Public Safety cardholders did not comply with the Navajo Nation Travel policies and procedures. We examined 27 travel authorizations totaling \$10,974 in which p-cards were used by travelers. Of the 27 travel authorizations, 14 (52%) totaling \$5,343 had p-card charges for travel authorizations that were not approved prior to the business trips. This practice is contrary to travel policies and procedures and the applicable charges are considered unauthorized charges.</p> <p>We also examined 10 Wells Fargo Commercial Cardholders Expense Reports (CCER) and found for nine reports, there was no evidence the Division of Public Safety reconcilers and approvers reviewed the expense reports. Further, four CCER packets were submitted on average 11 business days late to the Office of the Controller P-card Section contrary to P-card Policy.</p> <p>Although, 189 of 234 (81%) Division of Public Safety staff received training on p-card policies and procedures, there continues to be p-card deficiencies. There is lack of adherence to applicable policies and procedures for operating and travel expenses, lack of proper reconciliation of p-card activities by reconcilers and approvers, and lastly, lack of effective monitoring to detect and correct errors and discrepancies.</p> <p>DPS acknowledges the deficiencies in this review and will be informing supervisors in each department the need for consistency in complying with Navajo Nation procurement, travel, and p-card policies and procedures.</p>	