


# THE NAVAJO NATION


JONATHAN NEZ | PRESIDENT MYRON LIZER | VICE PRESIDENT



## MEMORANDUM

TO: Navajo Nation Programs

THRU:   
Pearline Kirk, Controller  
Navajo Nation Office of the Controller

FROM:   
Gerald W. Shirley, Accounting Manager  
Accounts Payable  
Navajo Nation Office of the Controller

DATE: March 9, 2020

SUBJECT: New Travel and Pcard Policies

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The Budget and Finance Committee has approved the revised Travel and Pcard policy (BFJA-04-20) which will apply for all **Externally** and **General** funded programs of the Navajo Nation. Planned implementation for the new policies will allow a transition period before enforcement of the policy. The transition period will be for the entire month of March 2020 and enforcement of the new policies **will go into effect April 01, 2020**.

The purpose of the transition period is to allow programs to plan and adjust travel accordingly prior to implementation of the new policies by the Accounts Payable & Pcard Sections. Contract Accounting department will also adopt and implement the new policy guidelines as part of their work. There will be **no compromise regarding the implementation** of the polices. Any travel and/or Pcard activity beginning April 01, 2020 will be governed by the new policies.

The new Travel and Pcard policy will be made available on the website for the Navajo Nation Office of the Controller along with additional information to differentiate the latest changes in the policy. Additionally, the Pcard section will incorporate the new policies in its scheduled training.

Office of the Controller

# The Navajo Nation

P-Card Policies and Procedures Manual



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## Accounting Policies and Procedures Manual

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|                     |                   |                    |      |
|---------------------|-------------------|--------------------|------|
| <b>DESCRIPTION:</b> | P-Card            | <b>INDEX:</b>      | 12.1 |
|                     | P-Card Operations | <b>POLICY:</b>     | X    |
|                     |                   | <b>PROCEDURES:</b> | X    |
|                     |                   | <b>POLICY:</b>     |      |

**LEGAL AUTHORIZATION:** 2 N.N.C. § 372; 12 N.N.C. § 203; BFD-37-14; 2 CFR Part 200, Navajo Nation Procurement Act, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

**PURPOSE:**

To establish policies and procedures for the management and use of Purchase Card (P-Card) to guarantee that Navajo Nation (Nation) funds are reasonably and ethically expended for legitimate government purposes and that the use of such funds is properly documented and accounted for.

**POLICY:**

The P-Card policy is to provide a convenient means with which to make purchases and, at the same time, reduce costs associated with initiating and paying for those purchases; and to monitor the usage of all P-Cards to ensure compliance with policy and procedures.

Regular status employees (full time) who are authorized to purchase goods may request a P-Card. P-Cards are assigned to Nation employees. The employee whose name appears on the card is ultimately responsible for all charges. Only the cardholder named on the P-Card is authorized to make purchases.

The Nation’s P-Card Program provides a more cost-efficient payment method. With the P-Card you can quickly receive goods and supplies.

The P-Card’s efficiency and ease of use reduce administrative burdens on the Nation but also exposes the Nation to risk. Potential risks associated with the P-Card program include inappropriate card use, internal and external fraud, inappropriate general-ledger-coding allocation, non-compliance with IRS rules, and reputational damage to the Nation. This policy ensures that sufficient controls are in place to mitigate these risks.

Introduction to the P-Card Program:

The P-Card program was created to manage and monitor P-Cards on behalf of the Nation. The P-Card provides a more cost-effective payment method, but it is not intended to bypass proper procurement and travel procedures.

General Requirements:

All employees participating in the P-Card program are expected to comply with the following Nation laws, policies and procedures:

1. Navajo Nation Procurement Rules and Regulations
2. Navajo Nation Employee Travel Policy and Procedures Handbook
3. Navajo Nation Appropriations Act
4. Navajo Nation Business Opportunity Act
5. Navajo Preference and Indian Preference Act
6. Navajo Nation Ethics in Government Act
7. Title 17 of the Navajo Nation Code
8. Navajo Nation Budget Instruction Manual.



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P-Cards are required to be used in accordance with the requirements of the specific funding source as specified on the P-Card application.

### Eligibility

1. Regular status Navajo Nation Employee (three branch government), Navajo Nation At-Will employee, Navajo Nation President and Vice President, Navajo Nation Political Appointee, Navajo Nation Council Delegate, and Navajo Nation Chief Justice.
2. Applicants must complete:
  - P-Card Application;
  - Obtain appropriate signatures as defined on the Expenditure Authorization Form.
3. Applicants must be current on all financial obligations to the Nation as set forth in the Nation's Business Procurement Act.
4. Employees must certify knowledge and understanding of the following:
  - P-Card Policies & Procedures;
  - Navajo Nation Employee Travel Policies & Procedures Handbook;
  - Nation Procurement Policies & Procedures.
5. Commercial Card Expense Reporting (CCER) users must complete the P-Card navigation training.
6. Funds available in primary Business Unit.
7. Complete Cardholder Agreement form upon card issuance.

### Roles and Responsibilities

#### *Program Administrator*

- Manage and monitor the use of all P-Cards.
- All expense claims are subject to corrections and/or adjustments during the review pursuant to these policies.

#### *P-Card Holder*

- Cardholder is not allowed to request a Travel Advance if their assigned P-card is suspended.
- Read and understand the P-Card Policy.
- Responsible for all P-Card charges incurred.
  - Disputes should be resolved promptly between vendor and cardholder;
  - Failure to resolve may result in payroll deduction.
- Attend periodic training and testing.
- Safeguarding the P-Card by protecting from theft and loss, not allowing others to use the card, and immediate notification to the banking institution of loss or theft.
- Original, itemized receipts for all purchases are required.
  - Lost receipts are subject to payroll deduction.
- The receipt must include the following information:
  - Date of transaction and time;
  - Name of merchant;
  - Transaction detail;
  - The amount of purchase;
  - The form of payment used (P-Card, personal credit card, cash, etc.).



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- Originals are preferred when a paper receipt is issued. Electronic/emailed receipts are also acceptable. Examples of receipts are below:
  - Detailed sales receipts;
  - Subscription or dues invoice;
  - Conference registration invoice;
  - Sign in sheets and agendas for approved meeting group meal purchase.
- Lost receipt for Out of Pocket expenses (OOP) is not reimbursable.
  - Lost receipts are subject to payroll deduction.

### *Reconciler*

- Review transactions via Wells Fargo CCER website.
  - Ensures expenditures are properly coded (i.e., business units and object codes).
  - All applicable receipts are received.
- Attend periodic training.

### *Approver*

- Review transactions via Wells Fargo CCER website.
- Will monitor transactions of cardholder.
- Final approval of all P-Card and OOP transactions.
- Attend periodic training and testing.
- When card holder employees leave employment, immediately notify the P-Card Section of card holder separation from employment.
- Authority to recommend suspension or cancellation of a P-Card to P-Card program.

### *Department Approval*

- Ensure that someone in the department other than the cardholder reviews P-Card activity receipts on a regular basis. If the Department Manager is the cardholder, their supervisor or someone designated by their supervisor should review the log.
- Review the cardholder's transaction log. Ensure all receipts are attached and that there is a detailed business purpose for each purchase.
- Log onto Wells Fargo and compare the manual log to transactions recorded in the system. Ensure the correct account number is applied to the expenditure.
- Sign and date the P-Card log to indicate a review.
- Authority to recommend suspension or cancellation of a P-Card to P-card program.
- Enforce timely submission of CCER packets.
- Attend periodic training.

### *Financial Bank Institution*

- Credit card, reporting, and monitoring.

### Operations P-Card

- One Operation P-Card will be issued only to an Administrative/Support staff per Department/Program.



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- Electronic Purchase Requisition (PR) is required for goods and supplies.
- P-Card holder must comply with all applicable Navajo Nation laws, policies and procedures as set forth above in the General Requirements section. Complete Procurement Rules & Regulations training.
- Items for personal use, Contractual Services, Gift Cards, and Alcoholic beverages are not allowed.
- Only the cardholder named on the card is authorized to make purchases.
- Operations card are primarily for small purchases and recurring bills (i.e. subscriptions, utilities, telephone, etc.)

### Travel P-Card

- P-Card holder must comply with all applicable Nation laws, policies and procedures as set forth above in the General Requirements section.
- P-Card holder will not be permitted to receive a travel advance.
- All incurred expenses while on travel should be for only the authorized cardholder named on the P-Card.
- All actual meal, lodging, and other allowable travel expenses require itemized receipts.
- Meals incurred during travel defined as local travel are not allowed (50-mile radius).

### Unauthorized Transactions

- The general type of unauthorized transactions includes:

- Abuse
- Misuse
- Negligence
- Fraud

Abuse, misuse, and negligence are violations for personal gain results. Fraudulent violations are those in which deception was deliberately practiced for unfair or unlawful gain.

- Examples of unauthorized use include the following:
  - Cross distribution of funds (i.e. utilizing General Funds P-card for Externally funded activities and vice-versa);
  - Alcoholic beverages;
  - Cash advances;
  - Contractual services;
  - Fuel for Nation vehicle;
  - Gift cards;
  - Non-meal snacks;
  - Paying on behalf of another employee;
  - Purchases for family members;
  - Pyramid charges (use of multiple transactions to circumvent per-transaction limits);
  - Personal items.



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- Unauthorized use can result in the following actions:
  - Suspension of P-Card use privileges for the cardholder.
  - Cancellation of P-Card privileges for the cardholder.
  - Payroll deduction for the full amount of the unauthorized use.

### P-Card Transactions and Credit Limits

The P-Card Section has established daily transaction and monthly credit limits. The P-Card Section will make the final determination on the credit limit increase request.

- A credit limit increase will only be considered by original memo request and must include the proper business unit number, amount, approval and purpose of the increase.
- Cardholder with delinquent CCER packets will not be considered for credit limit increases until all delinquent CCER packets have been received.

### Month End Reclassification and Approval

Completed CCER packets shall be submitted to the P-Card Section by the end of the down load period. Failure to do so will result in temporary suspension of P-Card privileges for cardholder, reconciler, and approver until all delinquent CCER packets have been received.

The P-card Section shall deploy a risk-based approach to its review of monthly packets. The risk levels are as follows:

| <b>Risk</b> | <b>Criteria</b>   | <b>Frequency</b> |
|-------------|---|------------------|
| Low Risk    | This designation is reserved for departments or programs that have demonstrated a historical pattern of compliance and timely submission of supporting documentation.   | Semi-annual      |
| Medium Risk | This designation is reserved for departments or programs whose submission of supporting documentation is at times incomplete or late. However, they demonstrate a pattern of compliance with P-card policies. | Quarterly        |
| High Risk   | This designation is reserved for departments or programs that have demonstrated a pattern of both untimely submissions of supporting documentation and non-compliance with P-card policies.                   | Monthly          |

In addition to the risk-based approach, the P-Card Section shall use a sampling methodology to select packets for testing each frequency period above.

| <b>Risk</b> | <b>Frequency</b> | <b>Sample Methodology</b>       | <b>Sample Size</b> |
|-------------|------------------|---------------------------------|--------------------|
| Low Risk    | Semi-annual      | Low-risk sample                 | 25                 |
| Medium Risk | Quarterly        | Medium risk sample              | 40                 |
| High Risk   | Monthly          | Known non-compliant cardholders | Not applicable     |





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The P-Card Section will select a random sample of departments or programs for each risk level based on the sampling methodology. The P-Card Section will review all transactions for the selected departments.

### Cycle-To-Date Period

- The cardholder is required to reclassify P-Card transactions and add reimbursement.
- Forward CCER packet to the Reconciler by the start of the Review period.

### Review and Grace Period

- Reconciler ensures expenditures are properly coded.
- Forward CCER packet to the Approver by the start the Approval period.

### Approval Period

- The approver is required to approve all P-Card transactions and reimbursement by the end of the Approval period.

### Lost / Stolen P-Cards

Lost and or stolen cards must be reported immediately to the financial institution and P-Card Section.

### Fraudulent and Disputed Charges

Fraudulent and disputed charges must be reported immediately to the financial institution and P-Card Section.

### Penalties for Noncompliance

#### *Responsibilities*

The P-Card Section is responsible for ensuring compliance with these underlying procedures. The P-Card Section has the authority and responsibility to immediately suspend, cancel, and/or terminate P-Card privileges for violation of the P-Card Policies and underlying procedures, as well as to seek reimbursement of any unauthorized expenditures and associated costs. The P-Card section shall immediately notify the cardholders' Supervisor of violations of the P-Card Policies and any underlying procedures. In addition, when the P-Card Section suspects fraudulent use and/or intentional misuse, the P-Card Section shall notify the Office of the Prosecutor and Ethics and Rules Office.

The Cardholders' Department/Division/Branch and Supervisor, if any, are responsible for pursuing disciplinary action, which may include suspension or termination pursuant to the Nation Personnel Policies Manual, for violations of the P-Card Policies and any underlying procedures.

The Office of the Prosecutor and/or Ethics and Rules Office are responsible for pursuing appropriate prosecution for violations of the P-Card Policies and any underlying procedures that are also violations of Title 17 of the Navajo Nation Code or the Navajo Nation Ethics in Government Law.

#### *General Penalties*

- Suspension, cancellation or termination of P-Card privileges, depending on the degree of severity and number of occasions, in instances of unauthorized use.
- Termination of P-Card privileges in instances of fraudulent use or intentional misuse.
- Reimbursement of all incurred unauthorized charges and any costs related to the collection of such charges will be deducted from any money that would otherwise be due to the employee, including salary or wages and annual leave pay-out to the extent allowed by law.



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- Privileges in the P-Card Program will be revoked when a P-Card holder is suspended or terminated from employment
- The Approver and Reconciler for a P-Card holder will be held responsible for the P-Card holders, as well as their own, lack of compliance with the P-Card Policies and underlying procedures. Continued lack of compliance will result in a permanent revoking of all P-Card privileges for the Approver and Reconciler.
- Any employee or appointee terminated for fraudulent use or intentional misuse of a P-Card or any appointee or official found guilty of or admitting guilt for fraudulent use, or intentional misuse of a P-Card will not be reissued a P-Card within any branch of the Nation.

### *Specific Policy Offenses and Penalties:*

The following offenses will be subject to the penalties listed below.

- Failure to obtain prior approval from the Department Authority for making operation related purchases on behalf of the Department.
- P-Card holder is incurring travel expenses for another employee.
- Failure to reconcile CCER packets within the Review and Grace period allowed.
- Failure to approve CCER Packets within the Approval period.
- Failure to submit completed CCER packets to the Office of the Controller within 5 business days after month end.
- Abuse resulting in money orders reimbursing the Nation.
- Replacement cards due to lost/misplaced P-Card.

### *Penalties:*

- 1<sup>st</sup> Offense
  - 30-day suspension of the P-Card
  - 30-day suspension of privileges for Reconciler and Approver
  - Mandatory refresher course related to use of P-Card
- 2<sup>nd</sup> offense
  - Cancellation of P-card privileges for cardholder.