

Nageezi Chapter Corrective Action Plan 12-Month Follow Up

Objective

In accordance with 12 Navajo Nation Code, Section 7(G), the Office of the Auditor General conducted a twelve month follow up review on the status of the Nageezi Chapter corrective action plan that was approved by the Budget and Finance Committee per resolution number BFAP-38-01. Our follow up review objective was to determine whether the Nageezi Chapter implemented its corrective action plan and resolved the findings reported in audit report 00-26.

Scope and Methodology

In meeting our objective, we reviewed chapter activities for the nine month period beginning October 01, 2001 through June 30, 2002. Our review consisted of interviews with Chapter staff, observation of Chapter operations and verification of Chapter financial transactions. We examined available Chapter documentation by reviewing the Chapter's cash receipt and disbursement processes through verification of supporting documentation and community approval on haphazardly selected samples of receipts and disbursements. The samples were selected using non-statistical, judgmental sampling methods. In addition, we reviewed the Chapter's progress in implementing its five management system.

Review Results

The Nageezi Chapter has made a minimal effort in implementing its corrective actions by resolving only one of the eight findings reported in audit report 00-26. The lack of good faith effort to implement the corrective actions and the existing deficiencies in the internal controls poses a substantial risk of financial loss to the Nageezi Chapter.

We also found that the Eastern Agency Local Governance Support Center (LGSC) did not provide adequate support to ensure corrective actions were implemented. The purpose of the LGSC is to provide administrative support and technical assistance to the local chapters. The Community Services Coordinator (CSC), who is primarily responsible in implementing the corrective action plan did not adhere to the corrective actions. Thus, the Eastern Agency LGSC and the Nageezi Chapter CSC's unsatisfactory performance in the implementation of the Chapter's corrective actions resulted in seven unresolved audit findings.

The Nageezi Chapter CSC indicated that staff turnover and the lack of technical support from the Eastern Agency LGSC hindered the Chapter's corrective action efforts. However, our evaluation revealed that these barriers are unacceptable justifications for the Chapter's lack of performance in fully implementing its corrective actions. Since the Budget and Finance Committee approved the Nageezi Chapter's corrective action plan on April 03, 2001, the Chapter had turnover in the CSC and Clerk Typist positions. The current CSC was hired in June 2001 and the current Clerk Typist has been with the Chapter since February 2002. The former CSC, who developed the corrective action

plan, is now the Clerk Typist. The Chapter also submitted a status report on the corrective action plan on January 24, 2002. Therefore, the Chapter staff and officials were aware of the corrective action plan and had adequate time to implement it. Thus, we do not consider staff turnover as a significant barrier to the Chapter's failure in fully implementing its corrective action plan.

Although the CSC states technical support from the Eastern Agency LGSC is minimal, the LGSC staff claims that the Nageezi Chapter is not making efforts to seek their assistance. The LGSC staff claims they inform the chapters about the availability of assistance during their monthly meeting with the CSCs. Although the Chapter did not actively seek assistance from the LGSC, the LGSC is responsible to routinely monitor the Chapter's progress in addressing accountability which includes resolving audit findings. Rather than wait for the Nageezi Chapter to seek assistance, the Eastern Agency LGSC should be proactive in ensuring the Chapter's implementation of its corrective action plan. The LGSC's plan of operation requires them to monitor chapter funds and provide financial and accounting support services. Thus, the lack of support from LGSC is not a valid barrier that prevented the Chapter from fully implementing its corrective action plan.

Conclusion

Overall, the Nageezi Chapter did not demonstrate a good faith effort in implementing its corrective action plan and has not made improvements in safeguarding and properly accounting for the Chapter's assets and resources. As a result, the Chapter exposes itself to financial loss due to the lack of efforts to strengthen internal controls and improve accountability. Therefore, we recommend that sanctions be imposed on the Nageezi Chapter and the Chapter Officials in accordance with 12 N.N.C. §9(B) and §9(C).

In addition, the Eastern Agency LGSC program director and the Nageezi Chapter CSC should be held accountable for non implementation of the corrective action plan. Therefore, we recommend that the Executive Director of the Division of Community Development evaluate the performances of the Eastern Agency LGSC program director and Nageezi Chapter CSC and take appropriate disciplinary actions to address the employees' lack of performance in accordance with Navajo Nation Personnel Policies, Section XIV.G, Table of Penalties, item 27, Unsatisfactory Work Performance.

Given that the Chapter Officials have oversight responsibility over chapter operations and staff, the Office of the Auditor General strongly advises the Nageezi Chapter Officials to mandate the Chapter staff to make a committed effort to fully implement the corrective actions and resolve the audit findings.