

Cornfields 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 Cornfields Chapter corrective action plan that the Budget and Finance Committee approved on September 04, 2001 per resolution number BFS-98-01. Our follow up objective was to determine whether the Cornfields Chapter (Chapter) implemented its corrective action plan and resolved the findings presented in audit report 00-18.

Scope and Methodology

In meeting our objective, we reviewed Chapter activities for the six-month period beginning October 01, 2002 through March 31, 2003. Our review consisted of interviews with Chapter staff, observation of Chapter operations and examination of available documentation. We reviewed the Chapter's cash receipt and disbursement processes by selecting samples of receipts and disbursements. Cash receipts were verified whether receipts are accurately recorded and deposited intact. Disbursements were verified for supporting documents and community approval. 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

Our review found that the Cornfields Chapter has fully resolved 10 (53%) of the 19 audit findings presented in audit report 00-18. This shows that Cornfields Chapter has improved its internal control structure. However, there are nine findings that remain unresolved because the Chapter did not fully implement the corrective actions. These corrective actions can be promptly and fully implemented if the Chapter makes a committed effort to implement them.

The Chapter stated the lack of technical assistance from Local Governance Support Center (LGSC) hindered them in fully implementing their corrective action plan, specifically the corrective actions on preparing the Chapter's financial statements. However, we found that the Chapter staff received technical assistance by attending training sessions held by LGSC. LGSC provided documents supporting the training given to Cornfields Chapter on maintaining fund ledgers and preparing financial statements. Therefore, the barrier cited by the Chapter is unjustified for not fully implementing their corrective action plan.

We noted that the main factor contributing to the Chapter not fully implementing its corrective action plan is the lack of adequate oversight by the Chapter officials and LGSC. The Chapter officials have oversight responsibility over Chapter operations; however, our follow-up review found that the Chapter officials are not providing adequate oversight over Chapter operations. For instance, we did not find evidence that officials examine Chapter records to monitor the Community Services Coordinator's performance to ensure implementation of the corrective action plan.

In addition, the LGSC is responsible in monitoring the Cornfields Chapter's progress in implementing corrective actions to address the audit findings. Although during our follow-up review, LGSC showed evidence that technical assistance was provided to the Chapter by holding training sessions, LGSC made minimal effort to ensure that the Chapter staff are applying the knowledge obtained from the training.

Conclusion

Overall, the Cornfields Chapter has made improvements in addressing the deficiencies reported in our previous audit of the Chapter. The Chapter has resolved 53% of the audit findings presented in audit report no. 00-18. The Chapter can easily resolve the remaining findings on the condition that adequate oversight is provided by Chapter officials and LGSC. Accordingly, the Office of the Auditor General recommends that the Cornfields

Chapter officials and LGSC closely monitor Chapter operations and mandate the staff to make a committed effort to fully implement the corrective actions to resolve the remaining audit findings.

Therefore, the Office of the Auditor General recommends not imposing sanctions against the Cornfields Chapter and its Chapter officials at this time for failure to fully implement its corrective action plan. We recommend that the Cornfields Chapter be given additional time and for the officials and LGSC to closely monitor chapter operations and report at the end of 30 days the status of the corrective action plan to the Budget and Finance Committee. The status report should be prepared to comply with the provision established at Title 12 N.N.C. Section 8, which states in part that once the corrective action plan is approved by the Budget and Finance Committee, the Chapter has a duty to implement the corrective action plan according to the terms of the plan.