

# **Pinon 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 Pinon Chapter corrective action plan (CAP) that was approved on June 12, 2001 by the Budget and Finance Committee per resolution number BFJN-64-01. Our follow-up review objective was to determine whether Pinon Chapter implemented its corrective action plan and resolved the findings reported in Audit Report 00-22.

## **Scope and Methodology**

In meeting our objective, we reviewed chapter activities for a six-month period beginning January 1, 2002 through June 30, 2002. Our review consisted of interviews with Chapter staff, observation of chapter operations and verification of chapter financial transactions. We haphazardly selected samples of cash receipts and disbursements. We reviewed the cash receipt process through verification of cash receipt tickets and bank deposits. We reviewed the Chapter's disbursement process through verification of supporting documentation and community approval. Our audit samples were selected using non-statistical, judgmental sampling methods. In addition, we reviewed the Chapter's progress in implementing its five management system (FMS).

## **Review Results**

Pinon Chapter did not make a considerable effort to implement its corrective action plan, which would address the eight audit findings reported in Audit Report 00-22. The Chapter's full implementation of two corrective actions resolved only two findings. Subsequently, six findings remain unresolved. The lack of a substantial effort to implement the corrective actions and address the existing deficiencies in the internal controls poses a substantial risk of financial loss to Pinon Chapter. Therefore, the Chapter cannot provide reasonable assurance that assets are safeguarded, applicable laws and regulations are followed, and financial reports are reliable.

The Chapter Community Services Coordinator (CSC) states the following barriers prevented the full implementation of its corrective action plan:

- The former Chapter Secretary-Treasurer did not cooperate with chapter administration staff in implementing the CAP or in developing the FMS.
- The current Chapter Secretary-Treasurer is new and assumed her duties in 2001. She is still in the process of familiarizing herself with Chapter operations.
- The Chapter CSC and Office Specialist lack the technical knowledge, abilities, and computer skills to implement its corrective action plan and develop written policies and procedures.

With the exception of the Chapter administration staff lacking the technical knowledge, abilities and computer skills, our evaluation revealed that the barriers concerning the Chapter Secretary-Treasurer are unacceptable justifications for the Chapter's lack of performance in fully implementing its corrective action plan.

### Chapter Secretary-Treasurer

The CSC indicated that the former Secretary-Treasurer did not cooperate with other Chapter officials and staff, which created a lack of communication and coordination among Chapter officials and staff. In addition, she took home Chapter documents and records, which made it difficult for the Chapter to adequately implement the CAP or FMS. Also, the former Secretary-Treasurer was not supportive of the Chapter's efforts in implementing the CAP or developing the FMS. This is not a valid barrier as it is the CSC's primary responsibility to ensure the safekeeping of chapter records as well as being responsible for implementing the CAP and in developing the FMS manual.

The CSC stated that the current Chapter Secretary-Treasurer is new and assumed her duties in 2001. She is still in the process of familiarizing herself with Chapter operations and applicable tribal laws, regulations and processes. However, it has been more than a year since the new Secretary-Treasurer assumed her duties. In addition, we found that the Chinle Agency LGSC has sponsored approximately 30 work sessions and orientations for the chapter since 2001. Thus, the Secretary-Treasurer assuming office in 2001 is not a valid barrier as the Chinle Agency LGSC has provided enough orientations and work sessions to the Chapter officials and staff.

### Technical Knowledge

The chapter officials and staff acknowledged they still lack the technical abilities and computer skills to implement its corrective action plan or develop its FMS despite the assistance and training provided by the LGSC. We noted one of the primary reasons for the Chapter staff's continued lack of technical knowledge is because the LGSC did not routinely monitor the Chapter to ensure officials and staff are applying the training concepts in administering chapter operations. Also, the Chapter officials and staff did not contact the Chinle Agency LGSC when they did not understand the training materials and topics covered. Although the Chapter did not actively seek assistance from the LGSC, the Chinle Agency LGSC should be proactive in routinely monitoring the Chapter's progress in implementing its corrective action plan. We recommend Chinle Agency LGSC to provide individualized training to the Chapter staff to assist them in gaining the knowledge to implement its corrective action plan and develop written policies and procedures.

## **Conclusion**

Overall, Pinon Chapter did not demonstrate a substantial effort in implementing its corrective action plan and has not made significant 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 Pinon Chapter and the Chapter Officials in accordance with 12 N.N.C. §9(B) and §9(C).

In addition, the Pinon Chapter CSC should be held accountable for non-implementation of the corrective action plan. Therefore, we recommend that the Chapter officials and Chinle Agency LGSC Program Specialist to evaluate the performance of the Pinon Chapter CSC and take appropriate action to address the employee's lack of performance in accordance with Navajo Nation Personnel Policies.

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