

Rough Rock 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 Rough Rock Chapter corrective action plan (CAP) that the Budget and Finance Committee approved on January 2, 2002 per resolution number BFJA-02-02. Our follow up objective was to determine whether the Rough Rock Chapter implemented its CAP and resolved the findings reported in audit report 01-13.

Scope and Methodology

In meeting our objective, we reviewed Chapter activities for the six-month period beginning November 1, 2002 through April 28, 2003. Our review consisted of interviews with staff, observation of operations and verification of transactions. In reviewing samples of cash receipts and disbursements, we verified whether receipts are accurately recorded and deposited intact, and whether disbursements are supported with adequate documentation 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

The Rough Rock Chapter has made minimal effort in implementing its CAP. As a result, only seven of the 21 findings reported in audit report 01-13 were resolved. Fourteen findings remain unresolved due to Rough Rock Chapter's partial or non-implementation of corrective actions. The lack of a good faith effort to fully implement corrective actions and to strengthen internal controls, poses a substantial risk of financial loss to the Rough Rock Chapter.

The Chapter identified staff turnover as a barrier in implementing the corrective actions. However, we did not find this to be a justifiable reason. The current Community Services Coordinator (CSC) was hired in May 2002 and the Office Specialist was hired in March 2003. The CSC has been working at the Chapter for a year, which is sufficient time to implement the corrective actions to resolve the findings. In addition, it was the current CSC who prepared and submitted the CAP six month status report to Office of the Auditor General. This shows that the CSC was fully aware of the corrective actions that needed to be implemented.

We noted that a contributing factor to the Chapter's poor performance in implementing the CAP is the lack of adequate oversight by the Chapter officials and the Local Governance Support Center (LGSC). Although the Chapter officials have oversight responsibility over Chapter operations, we did not find evidence that officials periodically examined records and monitored staff activities to ensure timely implementation of the CAP.

The LGSC is also responsible for monitoring the Rough Rock Chapter's progress in implementing corrective actions. Although LGSC provided documentation of the training and technical assistance provided to the Rough Rock Chapter, there was no indication that LGSC periodically followed up with the Chapter to ensure the staff is applying the knowledge obtained from the training sessions. To make sure the Chapter remains diligent in improving operations, the Chapter would need continuing guidance and feedback on its performance.

Conclusion

Overall, the Rough Rock Chapter did not demonstrate a good faith effort in implementing its CAP, 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 Rough Rock Chapter and Chapter officials in accordance with 12 N.N.C. §9(B) and §9(C).

In addition, the Rough Rock Chapter CSC should be held accountable for not implementing the CAP. Therefore, we recommend that the Chapter officials and Chinle LGSC Program Director evaluate the performance of the Rough Rock Chapter CSC and take appropriate action to address the lack of performance in accordance with Personnel policies and procedures.

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