

Tsayatoh 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 Tsayatoh Chapter corrective action plan that the Budget and Finance Committee approved per resolution number BFO-120-01. Our follow up objective was to determine whether the Tsayatoh Chapter implemented its corrective action plan and resolved the findings reported in audit report 00-17.

Scope and Methodology

In meeting our objective, we reviewed chapter activities for the six-month period beginning September 1, 2002 through February 28, 2003. Our review consisted of interviews with Chapter staff, observation of Chapter operations and verification of transactions. We examined available chapter documentation by reviewing the Chapter's cash receipt and disbursement processes through verification of supporting document 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 Tsayatoh Chapter has made moderate effort in implementing its corrective action plan by resolving only four of the 14 findings reported in audit report 00-17. Ten findings remain unresolved due to Tsayatoh Chapter's partial or non-implementation of corrective actions. The lack of good faith effort to fully implement corrective actions and the existing deficiencies in the internal controls poses a substantial risk of financial loss to the Tsayatoh Chapter.

The corrective action plan was approved in October 2001, which gave the Chapter approximately 16 months to implement all corrective actions. We also noted that the LGSC had provided training to the Tsayatoh Chapter staff to assist them in implementing their corrective action plan. However, despite the time and training given to the Chapter staff and officials, they failed to correct the audit findings. The Chapter staff was not applying the knowledge gained attending the training in administering the daily operation of the Chapter. The LGSC staff did not routinely monitor Chapter staff performance to ensure the staff gained a clear understanding of materials and topics provided in the training.

Conclusion

Overall, the Tsayatoh 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, in accordance with 12 N.N.C. §9(B) and §9(C), we recommend that sanctions be imposed on the Tsayatoh Chapter and Chapter Officials.

In addition, the Tsayatoh Chapter CSC should be held accountable for not implementing the corrective action plan. Therefore, we recommend that the Chapter Officials and Fort Defiance LGSC Program Director evaluate the performance of the Tsayatoh Chapter CSC and take appropriate action to address the lack of performance.

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