

Chilchinbeto 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 Chilchinbeto Chapter corrective action plan (CAP) that was approved by the Budget and Finance Committee on July 3, 2001 per resolution number BFJY-71-01. Our objective for the follow up review was to determine whether the Chapter implemented its CAP and resolved the findings reported in Audit Report no. 01-01.

Scope and Methodology

In meeting our objective, we reviewed Chilchinbeto Chapter activities for the six month period beginning April 01, 2002 through September 30, 2002. Our review consisted of interviews with Chapter staff, observation of Chapter operations and verification of transactions. We examined available Chapter documentation regarding the Chapter cash receipts, disbursements, temporary employment, and financial reporting. Our audit samples were selected using non statistical, judgmental sampling methods and tested for supporting documentation, proper approval and compliance with applicable laws, funding guidelines, policies and procedures. In addition, we reviewed the Chapter's progress in implementing its five management system (FMS).

Review Results

The Chilchinbeto Chapter has made a minimal effort to implement its CAP. Consequently, the fourteen findings reported in Audit Report No. 01-01 have not been fully resolved. The Chapter's lack of a good faith effort to implement the corrective actions and its disregard to strengthen internal controls poses a substantial risk of financial loss to the Chapter. Further, the Chapter cannot provide reasonable assurance that assets are properly accounted for and safeguarded, applicable laws and regulations are followed, and financial reports are reliable.

The Chapter states the following barriers prevented the full implementation of its CAP:

- Lack of technical knowledge and abilities by the Chapter officials and staff.
- Minimal assistance from the Western Agency Local Governance Support Center (LGSC).

With the exception of the Chapter's lack of technical knowledge and abilities, our evaluation found the other barrier as unacceptable justification for the Chapter's lack of performance in fully implementing its CAP.

LGSC Training and Technical Support

The LGSC's plan of operation requires them to monitor chapter funds and provide financial and accounting support services. The Chilchinbeto Chapter staff claims that minimal assistance was provided from the Western Agency LGSC. However, LGSC disputes this claim and provided information on work sessions the Chapter staff attended. LGSC also supplied the Chapter two FMS standard manuals that it could use in completing its revisions to its FMS policies and procedures. The Chapter could not provide any evidence of requests it made to LGSC for additional assistance and training. Thus, the lack of support from LGSC is not a valid barrier that prevented the Chapter from fully implementing its CAP.

Conclusion

Overall, Chilchinbeto 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 in strengthening internal controls and improving accountability. Therefore, we recommend that sanctions be imposed on the Chilchinbeto Chapter and its Chapter Officials in accordance with 12 N.N.C. §9(B) and §9(C).

In addition, the Chilchinbeto Chapter Community Services Coordinator and Office Specialist should be held accountable for non implementation of the CAP. Accordingly, we recommend that the Chapter Officials and the Senior Program Specialist of the Western Agency Local Governance Support Center evaluate the performance of the Community

Services Coordinator along with the Office Specialist and take appropriate disciplinary action to address the employees' lack of performance in accordance with the 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 Chilchinbeto Chapter Officials to mandate the Chapter staff to make a committed effort to fully implement the corrective actions and resolve the audit findings.