

Sawmill Chapter Corrective Action Plan 12-Month Follow Up

Objective

In accordance with Title 12 Navajo Nation Code, section 7(G), the Office of the Auditor General (OAG) conducted a twelve month follow up review on the status of the Sawmill Chapter (Chapter) corrective action plan that was approved by the Budget and Finance Committee on May 09, 2000, per resolution no. BFMY-45-00. Our objective for the follow up was to determine whether the Chapter fully implemented its corrective action plan to resolve all findings reported in audit report no. 00-03.

Scope and Methodology

In meeting our objective, we interviewed Chapter staff, observed Chapter operations, and examined available documentation for the three-month period beginning November 01, 2001 through January 31, 2002. We also performed a limited review of records for the two-month period ended December 31, 2002. We selected a sample of expenditures using a non statistical, judgmental approach. The sampled expenditures were reviewed to verify community approval, adequacy of supporting documentation, and compliance to applicable laws, policies and fund guidelines. In addition, we reviewed the Chapter's progress in implementing its five management system.

Review Results

Our review revealed the Chapter has yet to fully implement its corrective action plan to resolve all findings reported in audit report no. 00-03. Of the fifteen findings, only one was fully resolved and fourteen have not been resolved. As a result, the Chapter cannot provide reasonable assurance that resources are: (1) used consistently in accordance with laws, regulations, and policies; (2) safeguarded against waste, loss and misuse; and (3) disclosed accurately and timely. The Chapter places itself at risk for financial loss due to failure to implement corrective actions.

The Chapter identified several barriers that hindered efforts to fully implement the corrective action plan. These barriers are:

1. Inadequate support from the Ft. Defiance Local Governance Support Center (LGSC)
2. Lack of knowledge or technical expertise
3. Limited number of staff to perform the amount of work
4. Office specialist turnover (employee replacement) which resulted in substantial retraining

With the exception of inadequate support from LGSC, the identified barriers are unjustified for the Chapter's lack of performance in implementing corrective actions. Further, the Chapter had ample time to fully implement the corrective action plan. Since the Budget and Finance Committee approved the Chapter's corrective action plan in May 2000, the Chapter had more than two and a half years to implement corrective actions and resolve the findings prior to OAG's follow up review.

Inadequate support from LGSC. The community services coordinator (CSC) stated he contacted LGSC for technical assistance, but LGSC did not respond to his requests. This contributed to the Chapter's non-implementation of the corrective action plan. During our review, LGSC did not provide any evidence of technical assistance to Sawmill Chapter. Therefore, the lack of support from LGSC is a contributing factor for the Chapter's failure to fully implement its corrective action plan.

Lack of technical knowledge or expertise. Chapter staff stated they lacked the technical knowledge to implement the corrective action plan. However, a majority of the corrective actions outlined in the Chapter's corrective action plan are simple tasks that do not require vast technical expertise to implement. The CSC previously held a managerial position prior to employment with the Chapter beginning in 1996. Therefore, the Chapter staff's claim of not possessing the technical knowledge to implement the corrective action plan is unacceptable.

Limited number of staff. Observation and review of Chapter records revealed staff was inefficient in performing their job. This inefficiency unnecessarily increases their workload. An example of inefficiency is the maintaining of both manual and computerized accounting records, such as the maintaining of two check registers. This is duplication of work that is time-consuming and unnecessary. To lessen their workload, the staff should avoid maintaining duplicate accounting records.

Staff turnover. The office specialist was replaced in October 2001. According to the CSC, the individual most recently hired did not possess all the required skills and knowledge. As a result, substantial training was provided. However, this position requires performing uncomplicated routine duties so that substantial training is unwarranted.

Conclusion

Most of the audit findings have yet to be resolved because the corrective action plan was not fully implemented. The underlying cause is nonperformance of duties by the Chapter officials, CSC, and Ft. Defiance LGSC.

Our follow up review did not find any indication of adequate oversight by the Chapter officials to ensure successful implementation of the corrective action plan. The Chapter officials have oversight duties over Chapter staff and operations; therefore, they should be monitoring staff and operations, to ensure the corrective action plan is successfully implemented. OAG, thus, recommends Sawmill Chapter and its officials be sanctioned for failure to implement the corrective action plan, in accordance with Title 12 Navajo Nation Code, sections 9(B) and 9(C).

Ft. Defiance LGSC and the Chapter CSC are also accountable for the failure to implement the corrective action plan. LGSC's duty is to assist the Chapter to implement any necessary corrective actions and the CSC has the duty of implementing the corrective action plan. However, these duties were not performed. Thus, nonperformance of duties by the LGSC and CSC contributed to failure in resolving all findings. Therefore, OAG recommends the Executive Director of the Division of Community Development to evaluate the LGSC's lack of performance and take appropriate disciplinary actions. Likewise, the Chapter officials should evaluate the CSC's lack of performance and take appropriate disciplinary action.